

minutes

Special Audit and Risk Committee

MEETING HELD ON

MONDAY 24 NOVEMBER 2025

Acknowledgement of Traditional Custodians

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

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Note:

Clause 15.10 of the City's *Meeting Procedures Local Law 2013* states:

This local law applies generally to committee meetings except for clause 7.1 in respect of members seating and clause 7.8 in respect of limitation on members speaking.

CITY OF JOONDALUP

MINUTES OF THE SPECIAL AUDIT AND RISK COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY 24 NOVEMBER 2025.

1 DECLARATION OF OPENING

1.1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 7.28pm.

PROCEDURAL MOTION – THAT THE MEETING NOW ADJOURN

MOVED Cr Raftis, SECONDED Cr O'Neill that the Audit and Risk Committee meeting NOW ADJOURN under clause 10.8(1) of the *City of Joondalup Meeting Procedures Local Law 2013*, to commence 5 minutes after the closure of the Major Projects and Finance Committee meeting on 24 November 2025.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Raftis, Mayor Kingston, Cr Hill, Cr Mercer, Cr O'Neill and Cr Vinciullo.

Against the Motion: Nil.

RESUMPTION OF MEETING

The Presiding Member declared the meeting open at 8.18pm on Monday 24 November 2025, with the following Committee Members being present:

Cr John Raftis

Mayor Daniel Kingston

Cr Adrian Hill

Cr Denise Mercer

Cr Rohan O'Neill

Cr Phillip Vinciullo

via electronic means

ATTENDANCE

Committee Members:

Cr John Raftis	<i>Presiding Member</i>
Mayor Daniel Kingston	
Cr Adrian Hill	
Cr Denise Mercer	
Cr Rohan O'Neill	<i>Deputy Presiding Member via electronic means</i>
Cr Phillip Vinciullo	<i>Deputising for Cr Count</i>

Officers:

Mr James Pearson	Chief Executive Officer
Mr Mat Humfrey	Director Corporate Services
Mr Chris Leigh	Director Planning and Community Development
Ms Christine Robinson	Manager Audit, Risk and Executive Services
Mr Hitesh Attawala	Manager Financial Services
Mrs Kylie Bergmann	Manager Governance
Ms Caitlin Wood	Governance Officer <i>absent from 8.32pm to 8.33pm</i>

Guest:

Ms Shellian Cassanova	Assistant Director, Office of the Auditor General for Western Australia <i>via electronic means from 8.22pm to 8.28pm</i>
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1.2 REQUESTS FOR ELECTRONIC ATTENDANCE

In accordance with regulation 14C(2)(b) of the *Local Government (Administration) Regulations 1996* and the *Electronic Attendance at Meetings Council Policy*, Mayor Kingston gave approval for Cr Rohan O'Neill to attend this meeting via electronic means.

Cr Rohan O'Neill made the following declaration:

"I Rohan O'Neill declare that I am able to maintain confidentiality during the closed part of this meeting. And if I am no longer able to maintain confidentiality, I will excuse myself from the meeting."

2 DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY

Nil.

3 APOLOGIES AND LEAVE OF ABSENCE

3.1 LEAVE OF ABSENCE PREVIOUSLY APPROVED

Cr Nige Jones	29 November to 24 December 2025 inclusive.
Cr John Raftis	1 December to 5 December 2025 inclusive.
Cr Nige Jones	1 June to 29 June 2026 inclusive.

3.2 APOLOGIES

Cr Christopher May, JP.

4 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

5 IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting is not open to the public.

6 PETITIONS AND DEPUTATIONS

Nil.

7 REPORTS

7.1 2024-25 ANNUAL FINANCIAL REPORT (WARD - ALL)

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Director Corporate Services
FILE NUMBER	111479
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider and accept the *2024-25 Annual Financial Report* and Independent Auditor's Report.

EXECUTIVE SUMMARY

In accordance with Section 6.4 of the *Local Government Act 1995*, the *2024-25 Annual Financial Report* has been prepared and, together with the City's accounts, was submitted to the Office of the Auditor General of Western Australia (OAG) to conduct the annual financial audit.

The OAG has completed its audit, in accordance with the terms of their engagement and the requirements of Part 7 Division 3 of the *Local Government Act 1995* and the Independent Auditor's Report has been issued. The *Annual Financial Report* will form part of the City's 2024-25 Annual Report.

It is therefore recommended that Council:

- 1 *BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup for the financial year 2024-25, forming Attachment 1 to this Report;*
- 2 *BY AN ABSOLUTE MAJORITY, ACCEPTS the Independent Auditor's Report for the financial year 2024-25, forming Attachment 2 to this Report;*
- 3 *NOTES the Auditor's Management Letter in respect of the financial audit for the year ended 30 June 2025, forming Attachment 3 to this Report;*
- 4 *NOTES the Auditor's Management Letter in respect of the information systems audit for the year ended 30 June 2025, forming Attachment 4 to this Report;*
- 5 *NOTES the Auditor's Management Letter in respect of the interim financial audit for the year ended 30 June 2025, forming Attachment 5 to this Report;*
- 6 *NOTES the Audit Exit Report in respect of the financial audit for the year ended 30 June 2025, forming Attachment 6 to this Report.*

BACKGROUND

Section 6.4 of the *Local Government Act 1995* requires local governments to prepare an Annual Financial Report and to submit both the report and its accounts to its auditor by 30 September each year. The City of Joondalup has met those requirements and the City's auditor, the OAG, has now completed its audit of the accounts and the *2024-25 Annual Financial Report*.

The OAG undertook its audit in two stages. The interim audit was undertaken before end of the financial year and an interim management letter was issued (Attachment 5 refers), while the final audit commenced late September 2024. Following the completion of the final audit, the OAG issued a management letter which incorporated responses from management on the items noted (Attachment 3 refers).

The *2024-25 Annual Financial Report* is included as Attachment 1 to this Report.

DETAILS

The preparation and submission of the Annual Financial Report to the auditors for audit are statutory requirements under the *Local Government Act 1995*.

The Annual Financial Report is required to be accepted by Council prior to the holding of the Annual General Meeting of Electors, at which the City's Annual Report containing the Annual Financial Report will be considered.

Issues and options considered

Outcome of the Financial Audit

The financial audit has been completed with an unqualified audit report issued (Attachment 2 refers). The audit report contains emphasis of matter with respect to restatement of comparative figures for 2023-24 financial year on account of accounting treatment for implementation cost of Enterprise Resource Planning (ERP) system, such as Project Axiom as detailed in Note 26 of the Financial Report.

The OAG has issued a final management letter in respect of the financial audit (Attachment 3 refers). An interim management letter was also issued following completion of the interim financial audit (Attachment 5 refers). The OAG has also issued a final management letter in respect of the information systems audit (Attachment 4 refers).

End of Financial Year Position

The City has finished the financial year with a Rate Setting Statement deficit of \$194,531 which was lower than the estimated deficit. An anticipated end of year deficit as at 30 June 2025 of \$408,498 was used as the opening balance in the *2025-26 Annual Budget*.

When comparing the actual end of year results to the estimate shown in the *2025 -26 Annual Budget*, in summary terms the variance comprises:

Description	Sub Total	Total
Increased Operating Cash Surplus	\$ 3,898,844	
Reduced Capital Revenue	(\$ 587,364)	
Reduced Capital Expenditure	\$5,213,302	\$8,649,739
Increased Equity Investment movement		\$413,014
Reduced Net Funding		(\$ 8,848,787)
Net Variance		\$213,967

The increased cash operating surplus relative to forecast is driven primarily by a \$3,975,947 advance of the City's 2025-26 Federal Assistance Grants allocation. Lower materials and contracts expenditure \$1,575,219 was fully offset by higher employee cost of \$1,573,865.

The higher employee costs were caused due to outcome of the inside staff enterprise bargaining agreement arbitration process as higher pay rates were awarded compared to what was paid administratively by the City while the negotiations were underway.

Lower materials and contracts costs were primarily due to lower than forecast expenditure on Waste Management Services \$346,381, Professional Fees and Consultancy \$411,361, External Service Expenses \$306,521, Public Relations and Advertising costs \$157,709.

Reduced capital expenditure pertains mainly to capital works projects that progressed to a lesser extent than anticipated by 30 June 2025, including projects that received grant funds which were not fully expended by year end. These are progressing into the following financial year. Municipal and reserve funding unspent on these projects has been carried forward or retained in reserves, respectively.

Management Letter – Financial Audit

The financial audit management letter (Attachment 3 refers) contained no significant findings, two moderate findings and one minor finding. The matters raised as well as the management responses are detailed in Attachment 3 to this Report.

Management Letter – Information Systems Audit

The scope of financial audit also covered audit of key information systems controls. The information systems audit management letter (Attachment 4 refers) contained no significant findings, four moderate findings and one minor finding. The matters raised as well as the management responses are detailed in Attachment 4 to this Report.

Legislation / Strategic Community Plan / Policy implications

Legislation *Local Government (Financial Management) Regulations 1996.*
Local Government Act 1995.

10-Year Strategic Community Plan

Key theme 5. Leadership.

Outcome 5-4 Responsible and financially sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

Policy Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Current financial year impact

Account no.	Not applicable
Budget Item	Closing surplus
Budget amount	\$ (408,498)
Actual amount	\$ (194,531)
Proposed cost	\$ Not applicable
Balance	\$ 213,967

All amounts quoted in this report are exclusive of GST.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

There is no legislative requirement to consult on the preparation of the Annual Financial Report, although the *Local Government Act 1995* requires the local government to hold an Annual General Meeting of Electors and the City's Annual Report, incorporating the Annual Financial Report is to be made available publicly.

COMMENT

The *Annual Financial Report for 2024-25* reflects the City's financial performance and position for the year ended 30 June 2025.

The Annual Financial Report will be made available on the City's public website as part of the City's Annual Report. A limited number of printed, bound colour copies of the Annual Report, including the Annual Financial Report, will be available for viewing at libraries, leisure centres and the customer service centre.

VOTING REQUIREMENTS

Absolute Majority.

Ms Shellian Cassanova, Assistant Director at the Office of the Auditor General for Western Australia (OAGWA) entered the meeting at 8.22pm.

Ms Shellian Cassanova, Assistant Director at the Office of the Auditor General for Western Australia (OAGWA) left the meeting at 8.28pm.

The Governance Officer left the Room at 8.32pm and entered the Room at 8.33pm

OFFICER'S RECOMMENDATION MOVED Mayor Kingston, SECONDED Cr Mercer that Council:

- 1 BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup for the financial year 2024-25, forming Attachment 1 to this Report;**
- 2 BY AN ABSOLUTE MAJORITY, ACCEPTS the Independent Auditor's Report for the financial year 2024-25, forming Attachment 2 to this Report;**
- 3 NOTES the Auditor's Management Letter in respect of the financial audit for the year ended 30 June 2025, forming Attachment 3 to this Report;**
- 4 NOTES the Auditor's Management Letter in respect of the information systems audit for the year ended 30 June 2025, forming Attachment 4 to this Report;**
- 5 NOTES the Auditor's Management Letter in respect of the interim financial audit for the year ended 30 June 2025, forming Attachment 5 to this Report;**
- 6 NOTES the Audit Exit Report in respect of the financial audit for the year ended 30 June 2025, forming Attachment 6 to this Report.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Raftis, Mayor Kingston, Cr Hill, Cr Mercer, Cr O'Neill and Cr Vinciullo.

Against the Motion: Nil.

ATTACHMENTS

1. Annual Financial Report Year Ended 30 June 2025 [7.1.1 - 54 pages]
2. Independent Auditor's Report - City of Joondalup - 30 June 2025 [7.1.2 - 3 pages]
3. Financial Management Letter - City of Joondalup - 30 June 2025 [7.1.3 - 5 pages]
4. Information Systems Management Letter - City of Joondalup - 30 June 2025 [7.1.4 - 6 pages]
5. Interim Financial Management Letter - City of Joondalup - 30 June 2025 [7.1.5 - 2 pages]
6. Audit Exit Report - City of Joondalup - 30 June 2025 [7.1.6 - 15 pages]

8 CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 8.35pm the following Committee Members being present at that time:

CR JOHN RAFTIS
MAYOR DANIEL KINGSTON
CR ADRIAN HILL
CR DENISE MERCER
CR ROHAN O'NEILL
CR PHILLIP VINCIULLO

24 NOVEMBER 2025 - SPECIAL AUDIT AND RISK COMMITTEE - AGENDA ATTACHMENTS

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CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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The City of Joondalup conducts the operations of a local government with the following community vision

A global City: bold, creative and prosperous

Principal place of business:
90 Boas Avenue
Joondalup



**CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**


Local Government Act 1995
Local Government (Financial Management) Regulations 1996

STATEMENT BY CEO

The accompanying financial report of the City of Joondalup has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the FOURTEENTH day of NOVEMBER 2025



Chief Executive Officer
JAMES PEARSON

Name of Chief Executive Officer



**CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

		2025	2025	2024
	NOTE	Actual	Budget	Restated Actual*
		\$	\$	\$
Revenue				
Rates	2(a),27	112,490,996	112,459,183	108,795,989
Grants, subsidies and contributions	2(a)	7,802,274	9,347,664	8,995,024
Fees and charges	2(a)	48,635,868	46,785,636	45,398,410
Interest revenue	2(a)	10,597,994	9,501,877	9,964,054
Other revenue	2(a)	9,747,437	412,000	6,847,781
		189,274,569	178,506,360	180,001,258
Expenses				
Employee costs	2(b)	(82,925,859)	(77,043,731)	(75,621,657)
Materials and contracts	26	(63,421,793)	(67,713,904)	(59,911,550)
Utility charges		(6,605,233)	(6,658,682)	(6,037,707)
Depreciation	10(a)	(36,681,262)	(32,093,100)	(31,086,532)
Finance costs	2(b)	(228,881)	(245,051)	(289,132)
Insurance		(1,686,469)	(1,750,793)	(1,623,984)
Other expenditure	2(b), 26	(1,591,828)	(1,169,585)	(970,071)
		(193,141,325)	(186,674,846)	(175,540,633)
		(3,866,756)	(8,168,486)	4,460,625
Capital grants, subsidies and contributions	2(a)	19,448,861	19,435,360	7,570,170
Profit on asset disposals		248,909	265,995	416,469
Loss on asset disposals		(56,651)	(98,834)	(39,809)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(4,440)	0	2,102
Share of net profit or loss of associates accounted for using the equity method	21(a)	(3,135,447)	0	1,454,222
		16,501,232	19,602,521	9,403,154
Net result for the period	25(b)	12,634,476	11,434,035	13,863,779
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	147,997,586	0	7,985,787
Share of other comprehensive income of associates accounted for using the equity method	16, 21(b)	209,774	0	214,543
Total other comprehensive income for the period	16	148,207,360	0	8,200,330
Total comprehensive income for the period		160,841,836	11,434,035	22,064,109

This statement is to be read in conjunction with the accompanying notes.

* Refer to Note 26 for restatement of comparatives.



**CITY OF JOONDALUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025**

	NOTE	2025 \$	Restated 2024* \$
CURRENT ASSETS			
Cash and cash equivalents	3	47,050,561	50,180,587
Trade and other receivables	5	3,526,450	3,640,594
Other financial assets	4(a)	125,170,000	116,590,000
Inventories	6	1,265,555	880,249
Other assets	7	4,159,968	4,417,743
TOTAL CURRENT ASSETS		<u>181,172,534</u>	<u>175,709,173</u>
NON-CURRENT ASSETS			
Trade and other receivables	5	2,411,657	2,327,029
Other financial assets	4(b)	99,524	103,964
Inventories	6	1,047,416	1,095,804
Investment in associates	21(a)	26,933,328	33,733,056
Property, plant and equipment	8(a),26	540,663,153	383,077,973
Infrastructure	9(a)	1,046,078,308	1,037,918,810
Right-of-use assets	11(a)	6,108,629	6,552,928
TOTAL NON-CURRENT ASSETS		<u>1,623,342,015</u>	<u>1,464,809,564</u>
TOTAL ASSETS		<u>1,804,514,549</u>	<u>1,640,518,737</u>
CURRENT LIABILITIES			
Trade and other payables	12	19,979,639	14,991,991
Other liabilities	13	7,123,932	10,579,407
Lease liabilities	11(b)	631,736	575,027
Borrowings	14	0	962,667
Employee related provisions	15	24,467,936	21,702,630
TOTAL CURRENT LIABILITIES		<u>52,203,243</u>	<u>48,811,722</u>
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	5,908,781	6,355,724
Employee related provisions	15	1,802,861	1,593,462
TOTAL NON-CURRENT LIABILITIES		<u>7,711,642</u>	<u>7,949,186</u>
TOTAL LIABILITIES		<u>59,914,885</u>	<u>56,760,908</u>
NET ASSETS		<u>1,744,599,664</u>	<u>1,583,757,829</u>
EQUITY			
Retained surplus	26	577,604,722	565,705,140
Reserve accounts	30	131,017,425	130,282,531
Revaluation surplus	16	1,035,977,518	887,770,158
TOTAL EQUITY		<u>1,744,599,664</u>	<u>1,583,757,829</u>

This statement is to be read in conjunction with the accompanying notes.

* Refer to Note 26 for restatement of comparatives.



**CITY OF JOONDALUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2023		562,368,848	119,755,045	879,569,828	1,561,693,721
Comprehensive income for the period					
Net result for the period		17,555,853	0	0	17,555,853
Restatement of comparatives*	26	(3,692,074)	0	0	(3,692,074)
Other comprehensive income for the period	16	0	0	8,200,330	8,200,330
Total comprehensive income for the period		13,863,779	0	8,200,330	22,064,109
Transfers from reserve accounts	30	23,215,961	(23,215,961)	0	0
Transfers to reserve accounts	30	(33,743,448)	33,743,448	0	0
Restated Balance as at 30 June 2024*		565,705,140	130,282,531	887,770,158	1,583,757,829
Comprehensive income for the period					
Net result for the period		12,634,476	0	0	12,634,476
Other comprehensive income for the period	16	0	0	148,207,360	148,207,360
Total comprehensive income for the period		12,634,476	0	148,207,360	160,841,836
Transfers from reserve accounts	30	56,807,503	(56,807,503)	0	0
Transfers to reserve accounts	30	(57,542,397)	57,542,397	0	0
Balance as at 30 June 2025		577,604,722	131,017,425	1,035,977,518	1,744,599,664

This statement is to be read in conjunction with the accompanying notes.

* Refer to Note 26 for restatement of comparatives.



**CITY OF JOONDALUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

		2025	2024
	NOTE	Actual	Restated Actual*
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		113,381,031	108,808,982
Grants, subsidies and contributions	26	7,339,035	8,507,749
Fees and charges		48,645,325	45,390,636
Interest revenue		10,597,994	9,964,054
Goods and services tax received		(435,924)	0
Other revenue		513,032	401,178
		<u>180,040,494</u>	<u>173,072,600</u>
Payments			
Employee costs		(79,564,510)	(69,185,106)
Materials and contracts	26	(59,272,083)	(61,004,352)
Utility charges		(6,605,233)	(6,037,707)
Finance costs		(228,881)	(289,132)
Insurance paid		(1,686,469)	(1,623,984)
Goods and services tax paid		0	144,937
Other expenditure	26	(859,759)	(799,253)
		<u>(148,216,935)</u>	<u>(138,794,597)</u>
Net cash provided by operating activities	17(b)	31,823,558	34,278,002
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Proceeds/(payments) from financial assets at amortised cost - Term deposits		(8,580,000)	(9,210,000)
Payments for purchase of property, plant & equipment	8(a),26	(19,241,150)	(10,702,345)
Payments for construction of infrastructure	9(a)	(34,968,786)	(24,977,259)
Capital grants, subsidies and contributions		15,993,386	11,443,455
Net Distributions from investments in associates - Catalina Regional Council		12,777,728	5,812,240
Proceeds from sale of property, plant & equipment		729,275	847,409
Net cash used in investing activities	26	(33,289,547)	(26,786,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	29(a)	(962,667)	(935,713)
Payments for principal portion of lease liabilities	29(b)	(701,369)	(653,487)
Net cash used in financing activities		(1,664,036)	(1,589,200)
Net (decrease) / increase in cash held		(3,130,026)	5,902,302
Cash at beginning of year		50,180,587	44,278,285
Cash and cash equivalents at the end of the year	17(a)	<u>47,050,561</u>	<u>50,180,587</u>

This statement is to be read in conjunction with the accompanying notes.

* Refer to Note 26 for restatement of comparatives.



CITY OF JOONDALUP
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025

NOTE	2025	2025	2024	
	Actual \$	Budget \$	Restated Actual* \$	
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	27	112,490,996	112,459,183	108,795,989
Grants, subsidies and contributions		7,802,274	9,347,664	8,995,024
Fees and charges		48,635,868	46,785,636	45,398,410
Interest revenue		10,597,994	9,501,877	9,964,054
Other revenue		9,747,437	412,000	6,847,781
Profit on asset disposals		248,909	265,995	416,469
		<u>189,523,478</u>	<u>178,772,355</u>	<u>180,417,727</u>
Expenditure from operating activities				
Employee costs		(82,925,859)	(77,043,731)	(75,621,657)
Materials and contracts	26	(63,421,793)	(67,713,904)	(59,911,550)
Utility charges		(6,605,233)	(6,658,682)	(6,037,707)
Depreciation		(36,681,262)	(32,093,100)	(31,086,532)
Finance costs		(228,881)	(245,051)	(289,132)
Insurance		(1,686,469)	(1,750,793)	(1,623,984)
Other expenditure		(1,591,828)	(1,169,585)	(970,071)
Loss on asset disposals		(56,651)	(98,834)	(39,809)
		<u>(193,197,976)</u>	<u>(186,773,681)</u>	<u>(175,580,442)</u>
Non-cash amounts excluded from operating activities	28(a)	27,758,488	32,025,939	24,569,538
Amount attributable to operating activities		<u>24,083,990</u>	<u>24,024,614</u>	<u>29,406,823</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		19,448,861	19,435,360	7,570,170
Proceeds from disposal of assets		729,275	935,900	847,409
Net Distributions from investments in associates - Catalina Regional Council	21(c)	12,777,728	7,500,000	5,812,240
		<u>32,955,864</u>	<u>27,871,260</u>	<u>14,229,819</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a), 26	(19,241,150)	(11,683,389)	(10,702,345)
Purchase and construction of infrastructure	9(a)	(34,968,786)	(49,273,759)	(24,977,259)
		<u>(54,209,936)</u>	<u>(60,957,148)</u>	<u>(35,679,604)</u>
Amount attributable to investing activities	26	<u>(21,254,072)</u>	<u>(33,085,888)</u>	<u>(21,449,785)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	30	56,807,503	59,136,467	23,215,961
		<u>56,807,503</u>	<u>59,136,467</u>	<u>23,215,961</u>
Outflows from financing activities				
Repayment of borrowings	29(a)	(962,667)	(962,667)	(935,713)
Payments for principal portion of lease liabilities	29(b)	(701,369)	(523,469)	(653,487)
Transfers to reserve accounts	30	(57,542,397)	(52,475,478)	(33,743,448)
		<u>(59,206,433)</u>	<u>(53,961,614)</u>	<u>(35,332,647)</u>
Amount attributable to financing activities		<u>(2,398,930)</u>	<u>5,174,853</u>	<u>(12,116,686)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28(b)	(625,519)	3,886,421	3,534,128
Amount attributable to operating activities		24,083,990	24,024,614	29,406,823
Amount attributable to investing activities		(21,254,072)	(33,085,888)	(21,449,785)
Amount attributable to financing activities		(2,398,930)	5,174,853	(12,116,686)
Surplus or deficit after imposition of general rates	28(b)	<u>(194,531)</u>	<u>(0)</u>	<u>(625,519)</u>

This statement is to be read in conjunction with the accompanying notes.

* Refer to Note 26 for restatement of comparatives.



**CITY OF JOONDALUP
FOR THE YEAR ENDED 30 JUNE 2025
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**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

1. BASIS OF PREPARATION

The financial report of the City of Joondalup which is a Class 1 local government comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The Local Government (Financial Management) Regulations 1996 provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls; and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 of the financial report.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- estimated fair value of certain financial assets - note 4
- impairment of financial assets - note 22
- estimation of fair values of land and buildings, & infrastructure - note 8 and 9
- estimation uncertainties made in relation to lease accounting - note 11

Fair value hierarchy information can be found in note 24

The local government reporting entity

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 36 of the financial report.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-1 *Amendments to Australian Accounting Standards*
 - *Classification of Liabilities as Current or Non-current*
- AASB 2022-5 *Amendments to Australian Accounting Standards*
 - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards*
 - *Non-current Liabilities with Covenants*
- AASB 2023-3 *Amendments to Australian Accounting Standards*
 - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements*

These amendments did not have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards*
 - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

This amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 *Amendments to Australian Accounting Standards*
 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards*
 - *Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards*
 - *Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*
 - *Lack of Exchangeability*
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
 - *(Appendix D) [for not-for-profit and superannuation entities]*
- AASB 2024-2 *Amendments to Australian Accounting Standards*
 - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
 - *Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	112,490,996	0	112,490,996
Grants, subsidies and contributions	971,535	0	0	6,830,739	7,802,274
Fees and charges	16,316,385	0	32,319,483	0	48,635,868
Interest revenue	0	0	0	10,597,994	10,597,994
Other revenue	9,683,466	0	0	63,971	9,747,437
Capital grants, subsidies and contributions	0	19,448,861	0	0	19,448,861
Total	26,971,386	19,448,861	144,810,479	17,492,704	208,723,430

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	108,795,989	0	108,795,989
Grants, subsidies and contributions	604,031	0	0	8,390,993	8,995,024
Fees and charges	14,978,073	0	30,420,337	0	45,398,410
Interest revenue	0	0	0	9,964,054	9,964,054
Other revenue	6,765,705	0	0	82,076	6,847,781
Capital grants, subsidies and contributions	0	7,570,170	0	0	7,570,170
Total	22,347,809	7,570,170	139,216,326	18,437,123	187,571,428

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

2. REVENUE AND EXPENSES (CONTINUED)

(a) Revenue (CONTINUED)	Note	2025 Actual \$	2024 Restated Actual* \$
Interest revenue			
Interest on reserve account funds		5,571,857	5,558,503
Other interest revenue		5,026,137	4,405,551
		10,597,994	9,964,054
Fees and charges relating to rates receivable			
Charges on instalment plan		626,417	616,179
The 2025 original budget estimate in relation to: Charges on instalment plan was \$629,800			
Other revenue			
Miscellaneous		513,032	401,179
Profit on sale of Catalina land		9,234,405	6,446,603
		9,747,436	6,847,781
(b) Expenses			
Auditors remuneration and other audit costs			
- Audit of the Annual Financial Report for current FY		156,282	146,000
- Additional Annual Financial Report audit fees incurred for the previous years		400	0
- Certifications including grant acquittals incurred for the previous year		9,574	8,090
- Other related audit costs like bank confirmations, legal confirmations etc		922	1,725
		167,178	155,815
Employee Costs			
Employee benefit costs		77,572,047	70,706,710
Other employee costs		5,353,812	4,914,947
		82,925,859	75,621,657
Finance costs			
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss		228,881	289,132
		228,881	289,132
Other expenditure *			
Member Costs		706,787	685,588
Other Expenditure		152,973	113,665
Contributions and Donations to Community Groups		732,068	170,818
		1,591,828	970,071

* Refer to Note 26 for restatement of comparatives.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

3. CASH AND CASH EQUIVALENTS

	<u>Note</u>	<u>2025</u>	<u>2024</u>
		\$	\$
Cash at bank and on hand		47,050,561	50,180,587
Total cash and cash equivalents	17(a)	47,050,561	50,180,587
Held as			
- Unrestricted cash and cash equivalents		34,079,204	25,908,649
- Restricted cash and cash equivalents	17(a)	12,971,357	24,271,938
		47,050,561	50,180,587

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

		<u>2025</u>	<u>2024</u>
		\$	\$
(a) Current assets			
Financial assets at amortised cost		125,170,000	116,590,000
		125,170,000	116,590,000
Other financial assets at amortised cost			
Term deposits		125,170,000	116,590,000
		125,170,000	116,590,000
Held as			
- Restricted other financial assets at amortised cost	17(a)	125,170,000	116,590,000
		125,170,000	116,590,000
(b) Non-current assets			
Financial assets at fair value through profit or loss		99,524	103,964
		99,524	103,964
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		103,964	101,862
Movement attributable to fair value increment		(4,440)	2,102
Units in Local Government House Trust - closing balance		99,524	103,964

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The City has elected to classify the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

5. TRADE AND OTHER RECEIVABLES

	Note	2025	2024
		\$	\$
Current			
Rates and statutory receivables		1,375,157	1,633,345
Other receivables		901,305	1,183,728
GST receivable		1,275,928	840,004
Allowance for credit losses of trade receivables	22(b)	(25,940)	(16,483)
		3,526,450	3,640,594
Non-current			
Pensioner's rates and ESL deferred		2,077,524	2,006,490
Long service leave - due from other Councils	15	334,133	320,539
		2,411,657	2,327,029

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

	Note	30 June 2025 Actual	30 June 2024 Actual
		\$	\$
Trade and other receivables from contracts with customers		484,197	790,156
Allowance for credit losses of trade receivables		(25,940)	(16,483)
Total trade and other receivables from contracts with customers		458,257	773,673

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

6. INVENTORIES

Note	2025	2024
	\$	\$
Current		
Inventories	169,923	163,736
Land held for resale	90,442	90,442
Assets held for transfer (Note 1)	2	2
Catalina Regional Council - Land held for sale (Note 2)	1,005,188	626,069
	<u>1,265,555</u>	<u>880,249</u>
Non-current		
Catalina Regional Council - Land held for sale (Note 2)	1,047,416	1,095,804
	<u>1,047,416</u>	<u>1,095,804</u>

The following movements in inventories occurred during the year:

Balance at beginning of year	1,976,053	3,460,014
Inventories expensed during the year	(7,913,278)	(6,524,533)
Additions to inventory	8,250,197	5,040,572
Balance at end of year	<u>2,312,972</u>	<u>1,976,053</u>

Note 1- Assets held for transfer comprises: Two lots of land to be transferred to Development WA for the Ocean Reef Marina development. The two lots were originally recognised and presented at a combined cost of \$554,785. They are now held at their net realisable value, following revaluation in 2019-20.

Note 2- This Land relates to Catalina Regional Council (CRC) which was established in January 2006 (formerly the Tamala Park Regional Council) for the purpose of the development of the Tamala Park land jointly owned by seven local governments including the City of Joondalup.

MATERIAL ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the council's intentions to release for sale.

**CITY OF JOONDALUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025**

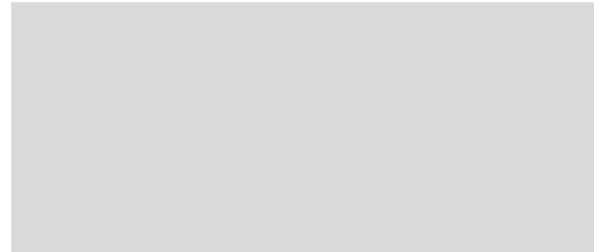
7. OTHER ASSETS

	<u>2025</u>	<u>2024</u>
	\$	\$
Other assets - current		
Prepayments	725,831	1,182,732
Accrued income	3,434,137	3,235,011
	<u>4,159,968</u>	<u>4,417,743</u>

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.



**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Artworks	Work in progress	Library Assets	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	115,587,379	207,349,654	322,937,033	322,937,033	1,233,915	13,486,619	1,205,364	40,376,472	1,979,241	381,218,643
Additions	0	0	0	0	0	0	0	14,106,513	287,906	14,394,419
Disposals	0	0	0	0	0	(470,749)	0	0	0	(470,749)
Impairment (losses) / reversals	0	(137,391)	(137,391)	(137,391)	(6,561)	(180,787)	(24,718)	0	0	(349,457)
Depreciation	0	(4,464,066)	(4,464,066)	(4,464,066)	(559,134)	(2,555,176)	0	0	(444,433)	(8,022,809)
Transfers	0	4,678,422	4,678,422	4,678,422	629,115	4,328,194	38,688	(9,910,665)	236,246	0
Balance at 30 June 2024	115,587,379	207,426,619	323,013,998	323,013,998	1,297,336	14,608,101	1,219,334	44,572,320	2,058,960	386,770,047
Comprises:										
Gross balance amount at 30 June 2024	115,587,379	323,184,627	438,772,006	438,772,006	4,663,729	28,443,771	1,219,334	44,572,320	6,096,554	523,767,713
Accumulated depreciation at 30 June 2024	0	(115,758,008)	(115,758,008)	(115,758,008)	(3,366,394)	(13,835,670)	0	0	(4,037,594)	(136,997,666)
Balance at 30 June 2024	115,587,379	207,426,619	323,013,998	323,013,998	1,297,335	14,608,101	1,219,334	44,572,320	2,058,960	386,770,047
Prior year Adjustment*	0	0	0	0	0	0	0	(3,692,074)	0	(3,692,074)
Restated Balance at 1 July 2024*	115,587,379	207,426,619	323,013,998	323,013,998	1,297,335	14,608,101	1,219,334	40,880,246	2,058,960	383,077,973
Additions	0	0	0	0	0	0	0	18,972,782	268,368	19,241,150
Disposals	0	0	0	0	0	(537,017)	0	0	0	(537,017)
Revaluation (loss) / reversals transferred to profit or loss	61,662,617	86,334,969	147,997,586	147,997,586	0	0	0	0	0	147,997,586
Impairment (losses) / reversals	0	(921,725)	(921,725)	(921,725)	0	(75,356)	0	(94,157)	0	(1,091,238)
Depreciation	0	(4,600,870)	(4,600,870)	(4,600,870)	(525,596)	(2,491,161)	0	0	(407,674)	(8,025,301)
Transfers	0	23,253,477	23,253,477	23,253,477	379,841	4,057,216	9,970	(27,958,887)	258,383	0
Balance at 30 June 2025	177,249,996	311,492,470	488,742,466	488,742,466	1,151,580	15,561,783	1,229,304	31,799,984	2,178,037	540,663,153
Comprises:										
Gross balance amount at 30 June 2025	177,249,996	448,916,123	626,166,119	626,166,119	5,043,570	29,447,842	1,229,304	31,799,984	6,623,304	700,310,124
Accumulated depreciation at 30 June 2025	0	(137,423,653)	(137,423,653)	(137,423,653)	(3,891,990)	(13,886,059)	0	0	(4,445,268)	(159,646,970)
Balance at 30 June 2025	177,249,996	311,492,470	488,742,466	488,742,466	1,151,580	15,561,783	1,229,304	31,799,984	2,178,037	540,663,153

* Refer to Note 26 for restatement of comparatives

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuer/ Management valuation	June 2025	Price per hectare, with reference to current zoning of land. Market values were used unless there were some restrictions or other factors associated with the land.
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer/ Management valuation	June 2025	Construction Costs based on recent contract prices and current condition, residual values and remaining useful life assessments
Artworks					
Artworks	2	Valuer inspection and appraisal	Independent registered valuer	June 2023	Market based evidence

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads	Footpaths	Drainage	Car Park	Bridges and Underpasses	Other Infrastructure	Lighting	Parks and Reserves	Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	394,212,059	88,172,717	248,070,338	15,050,844	22,886,150	5,313,920	22,871,132	191,845,500	38,537,752	1,026,960,412
Additions	0	0	0	0	0	0	0	0	24,977,259	24,977,259
Revaluation increments / (decrements) transferred to revaluation surplus	0	(2,350)	0	0	0	0	3,194,583	4,793,555	0	7,985,788
Asset Reclassifications	0	15,579	0	0	0	0	0	(15,579)	0	0
Impairment (losses) / reversals	0	(250,872)	(22,114)	0	0	(74,107)	(54,431)	(209,738)	0	(611,262)
Depreciation	(9,803,082)	(2,208,503)	(3,010,255)	(440,470)	(379,111)	(139,775)	(1,360,947)	(4,051,244)	0	(21,393,387)
Transfers	2,174,049	5,405,149	1,177,434	1,515,900	0	624,890	5,360,463	7,172,398	(23,430,283)	0
Balance at 30 June 2024	386,583,026	91,131,720	246,215,403	16,126,274	22,507,039	5,724,928	30,010,800	199,534,892	40,084,728	1,037,918,810
Comprises:										
Gross balance at 30 June 2024	694,849,720	133,157,742	360,862,851	27,050,731	37,707,169	7,293,924	54,799,836	254,504,821	40,084,728	1,610,311,522
Accumulated depreciation at 30 June 2024	(308,266,694)	(42,026,022)	(114,647,448)	(10,924,457)	(15,200,130)	(1,568,996)	(24,789,036)	(54,969,929)	0	(572,392,712)
Balance at 30 June 2024	386,583,026	91,131,719	246,215,403	16,126,275	22,507,039	5,724,928	30,010,800	199,534,892	40,084,728	1,037,918,810
Additions	0	0	0	0	0	0	0	0	34,968,786	34,968,786
Impairment (losses) / reversals	0	(334,324)	(58,535)	0	0	(30,299)	(375,056)	(1,364,358)	(3,136,943)	(5,299,515)
Depreciation	(9,935,042)	(2,581,287)	(3,024,796)	(463,712)	(379,111)	(152,858)	(1,501,198)	(3,471,769)	0	(21,509,773)
Transfers	23,584,662	3,751,242	2,444,342	615,332	0	538,792	1,726,595	6,965,007	(39,625,972)	0
Balance at 30 June 2025	400,232,646	91,967,350	245,576,414	16,277,895	22,127,928	6,080,563	29,861,141	201,663,772	32,290,599	1,046,078,308
Comprises:										
Gross balance at 30 June 2025	718,434,382	136,267,742	363,222,835	27,666,064	37,707,170	7,767,103	54,937,333	258,474,668	32,290,599	1,636,767,896
Accumulated depreciation at 30 June 2025	(318,201,736)	(44,300,392)	(117,646,421)	(11,388,169)	(15,579,242)	(1,686,540)	(25,076,192)	(56,810,896)	0	(590,689,588)
Balance at 30 June 2025	400,232,646	91,967,350	245,576,414	16,277,895	22,127,928	6,080,563	29,861,141	201,663,772	32,290,599	1,046,078,308

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

9. INFRASTRUCTURE (CONTINUED)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments.
Car Park	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Bridges and Underpasses	3	Cost approach using depreciated replacement cost	Independent registered valuer/ Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Other Infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Lighting	3	Cost approach using depreciated replacement cost	Management valuation	June 2024	Construction costs and current condition, residual values and remaining useful life assessments.
Parks and Reserves	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	10 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	3 to 13 years
Library assets	8 to 12 years
Artworks	Nil
Infrastructure Assets:	
Roads/Traffic Management	30 to 100 years
Footpaths	10 to 100 years
Drainage	75 to 100 years
Car Parks	30 to 100 years
Bridges and Underpasses	70 to 100 years
Lighting	25 to 40 years
Other Infrastructure assets	10 to 70 years
Parks and Reserves:	
Fencing	15 to 30 years
Furniture and Amenities	10 to 50 years
Hard Landscaping	10 to 50 years
Irrigation	20 to 50 years
Marine	20 years
Park and POS Signage	15 to 20 years
Play space	20 years
POS Structure	20 to 100 years
Soft Landscaping	10 to 40 years
Sporting Infrastructure	10 to 50 years
Waste	10 years

(b) Fully Depreciated Assets in Use

	<u>2025</u>	<u>2024</u>
	\$	\$
The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.		
Furniture and equipment	3,226,183	2,726,250
Plant and equipment	2,783,729	3,113,321
Library Assets	<u>2,002,789</u>	<u>1,967,559</u>
	8,012,701	7,807,130

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS (CONTINUED)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the City.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the City to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the City is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - land and buildings	Right-of-use assets - plant and equipment	Right-of-use assets Total
		\$	\$	\$
Balance at 1 July 2023		5,815,561	1,456,399	7,271,960
Depreciation		(401,966)	(317,066)	(719,032)
Balance at 30 June 2024		5,413,595	1,139,333	6,552,928
Gross balance amount at 30 June 2024		7,357,845	1,793,238	9,151,083
Accumulated depreciation at 30 June 2024		(1,944,250)	(653,905)	(2,598,155)
Balance at 30 June 2024		5,413,595	1,139,333	6,552,928
Additions/ Net adjustments to Lease Liabilities		151,789	159,346	311,135
Depreciation		(416,435)	(339,000)	(755,435)
Balance at 30 June 2025		5,148,949	959,678	6,108,629
Gross balance amount at 30 June 2025		7,509,633	1,596,820	9,106,454
Accumulated depreciation at 30 June 2025		(2,360,684)	(637,141)	(2,997,825)
Balance at 30 June 2025		5,148,949	959,679	6,108,629
The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:		2025 Actual		2024 Actual
		\$		\$
Depreciation on right-of-use assets		755,434		719,032
Finance charge on lease liabilities	29(b)	(212,124)		(238,129)
Total amount recognised in the statement of comprehensive income		543,310		480,903
Total cash outflow from leases		(913,493)		(891,616)
(b) Lease Liabilities				
Current		631,736		575,027
Non-current		5,908,781		6,355,724
	29(b)	6,540,517		6,930,751

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 29(b).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES (Continued)

(c) Lessor - Property, Plant and Equipment Subject to Lease

	2025 Actual \$	2024 Actual \$
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.		
Less than 1 year	957,501	875,578
1 to 2 years	888,302	891,151
2 to 3 years	880,038	907,524
3 to 4 years	890,331	924,682
4 to 5 years	723,325	942,664
> 5 years	<u>3,490,522</u>	<u>5,171,335</u>
	7,830,019	9,712,934

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income	898,253	847,907
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The City leases part of facilities and land to incorporated associations, community groups, government departments and other organisations with rental payable monthly, quarterly or annually. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments include CPI increases, percentage increases or market rates. At the end of the current leases, the City typically enters into new operating leases and therefore does not expect any impact from any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

MATERIAL ACCOUNTING POLICIES

The City as Lessor

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

12. TRADE AND OTHER PAYABLES

	2025	2024
	\$	\$
Current		
Trade payables	4,110,508	3,807,080
Other payables	899,398	385,240
Accrued expenses	8,870,820	4,952,367
Rates received in advance	3,763,296	3,574,573
Bonds and deposits held	2,335,617	2,272,731
	19,979,639	14,991,991

MATERIAL ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the City becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises income for the prepaid rates that have not been refunded.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

13. OTHER LIABILITIES

	2025	2024
	\$	\$
Current		
Grants and contributions liabilities	5,902,065	9,357,540
Contract Liabilities	1,221,867	1,221,867
	<u>7,123,932</u>	<u>10,579,407</u>
Reconciliation of changes in contract liabilities		
Opening balance	1,221,867	1,221,867
Additions	0	0
Revenue from contracts with customers included as a contract liability at the start of the period	0	0
	<u>1,221,867</u>	<u>1,221,867</u>

The City expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in grant/contribution liabilities

Opening balance	9,357,540	5,484,255
Additions	24,255,929	16,151,075
Revenue from Grants and Contributions held as a liability at the start of the period	(27,711,404)	(12,277,790)
	<u>5,902,065</u>	<u>9,357,540</u>

Expected satisfaction of grant/contribution liabilities

Less than 1 year	5,902,065	9,357,540
	<u>5,902,065</u>	<u>9,357,540</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Grant/contribution liabilities

Grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the City which are yet to be satisfied. Grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24) due to the unobservable inputs, including own credit risk.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

14. BORROWINGS

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Other loans		0	0	0	962,667	0	962,667
Total secured borrowings	29(a)	0	0	0	962,667	0	962,667

Secured liabilities and assets pledged as security

Loans are secured by a floating charge over the assets of the City of Joondalup.

The City of Joondalup has complied with the financial covenants of its borrowing facilities during the 2025 and 2024 years

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The City has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 29(a).

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2025	2024
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	5,742,601	5,246,336
Long service leave	7,038,598	6,825,427
Purchased leave	138,052	112,004
Sick Leave	833,598	934,882
Workers Compensation	3,979,586	3,593,078
Other Employee Provisions	6,735,501	4,990,903
	<u>24,467,936</u>	<u>21,702,630</u>
Total current employee related provisions	24,467,936	21,702,630
Non-current provisions		
Employee benefit provisions		
Long service leave	1,802,861	1,593,462
	<u>1,802,861</u>	<u>1,593,462</u>
Total non-current employee related provisions	1,802,861	1,593,462
Total employee related provisions	<u>26,270,797</u>	<u>23,296,092</u>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered. Other Employee Provisions includes estimated value of increases to wages as per the recently concluded arbitration process for the enterprise bargaining agreement negotiations.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2025	2024
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		24,467,936	21,702,630
More than 12 months from reporting date		<u>1,802,861</u>	<u>1,593,462</u>
		26,270,797	23,296,092

Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	334,133	320,539
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MATERIAL ACCOUNTING POLICIES

Employee benefits

The City's obligations for employees' annual leave, long service leave, other employee leave entitlements and increases to wages from employment bargaining agreement negotiations are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

16. REVALUATION SURPLUS

	2025 Opening Balance	Total Movement on Revaluation	2025 Closing Balance	2024 Opening Balance	Total Movement on Revaluation	2024 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	127,878,068	61,662,617	189,540,685	127,878,068	0	127,878,068
Revaluation surplus - Buildings - specialised	141,089,543	86,334,969	227,424,512	141,089,543	0	141,089,543
Revaluation surplus - Artworks	255,758	0	255,758	255,758	0	255,758
Revaluation surplus - Infrastructure - roads	165,280,142	0	165,280,142	165,280,142	0	165,280,142
Revaluation surplus - Footpaths	79,461,702	0	79,461,702	79,464,052	(2,350)	79,461,702
Revaluation surplus - Drainage	165,440,145	0	165,440,145	165,440,145	0	165,440,145
Revaluation surplus - Car Park	4,741,097	0	4,741,097	4,741,097	0	4,741,097
Revaluation surplus - Bridges and Underpasses	26,379,892	0	26,379,892	26,379,892	0	26,379,892
Revaluation surplus - Other Infrastructure	1,718,757	0	1,718,757	1,718,757	0	1,718,757
Revaluation surplus - Lighting	9,842,347	0	9,842,347	6,647,764	3,194,583	9,842,347
Revaluation surplus - Parks and Reserves	155,001,868	0	155,001,868	150,208,314	4,793,554	155,001,868
	<u>877,089,319</u>	<u>147,997,586</u>	<u>1,025,086,905</u>	<u>869,103,532</u>	<u>7,985,787</u>	<u>877,089,319</u>
Revaluation surplus - Share from investments in Associates:-						
Catalina Regional Council Assets	1,060	0	1,060	1,060	0	1,060
Mindarie Regional Council Assets	10,679,779	209,774	10,889,553	10,465,236	214,543	10,679,779
	<u>10,680,839</u>	<u>209,774</u>	<u>10,890,613</u>	<u>10,466,296</u>	<u>214,543</u>	<u>10,680,839</u>
Total Revaluation Surplus	<u>887,770,158</u>	<u>148,207,360</u>	<u>1,035,977,518</u>	<u>879,569,828</u>	<u>8,200,329</u>	<u>887,770,158</u>

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FO FOR THE YEAR ENDED 30 JUNE 2025**

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2025 Actual	2024 Restated Actual*
		\$	\$
Cash and cash equivalents	3	47,050,561	50,180,587

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	12,971,357	24,271,938
- Financial assets at amortised cost	4	125,170,000	116,590,000
		<u>138,141,357</u>	<u>140,861,938</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	30	131,017,425	130,282,531
Grants and contributions liabilities	13	5,902,065	9,357,540
Contract liabilities	13	1,221,867	1,221,867
Total restricted financial assets		<u>138,141,357</u>	<u>140,861,938</u>

**(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities**

Net result*	26	12,634,476	13,863,779
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		4,440	(2,102)
Depreciation/amortisation		36,681,262	31,086,532
Profit on sale of asset		(192,258)	(376,660)
Profit on sale of land held for resale		(9,234,405)	(6,446,603)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		3,164,964	(1,713,103)
(Increase)/decrease in other assets		257,775	(1,735,927)
(Increase)/decrease in inventories		(6,187)	(20,180)
Increase/(decrease) in trade and other payables		4,987,647	1,750,579
Increase/(decrease) in employee related provisions		2,974,705	5,441,857
Capital grants, subsidies and contributions		(19,448,861)	(7,570,170)
Net cash provided by/(used in) operating activities*	26	<u>31,823,558</u>	<u>34,278,002</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	750,000	750,000
Credit card limit	48,000	48,000
Credit card balance at balance date	(26,673)	(23,368)
Total amount of credit unused	<u>771,327</u>	<u>774,632</u>

Loan facilities

Loan facilities - current	0	962,667
Total facilities in use at balance date	<u>0</u>	<u>962,667</u>

* Refer to Note 26 for restatement of comparatives.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

18. CONTINGENT LIABILITIES

(a) Contaminated site – Mindarie Regional Council Landfill site

MRC operates the Tamala Park Waste Management Facility (the Site), which provides waste disposal services for the seven local government members. The Site has operated as a licensed landfill since 1991. In July 2007, the Site was initially classified as “possibly contaminated – investigation required” by the Department of Environment and Conservation (DEC).

In 2023-24, the previous MRC contaminated site approved auditor (Senversa) recommended that MRC should continue to provide the auditor with updated information as it becomes available (i.e. at least a 6 monthly update following sampling and annual reporting, plus immediate notification if things change). Communication received on 3 May 2024 stated, “as there has been no change in the risk profile and nothing to indicate that restrictions should change, a Mandatory Auditors Report (MAR) should be submitted in 2025 following 2 years of monitoring”.

On 28 November 2024, the Department of Water and Environmental Regulation (DWER) issued an environmental protection notice (EPN) to the MRC stating that “there is, or is likely to be an emission or emissions from the Premises and that the emissions have caused or are likely to cause pollution”.

i. The EPN consisted of 11 odour emission and groundwater emission requirements. At 30 June 2025, 7 of the requirements had been completed by the MRC, i.e. requirements 1, 2, 3, 4, 7, 8, and 10.

ii. Requirement 5 was completed on 1 July 2025.

iii. Requirement 6 requires the MRC to implement recommended improvements including landfill gas collection and management infrastructure to prevent odour impacts outside the premises, in accordance with a direction from DWER. After submitting the required report, MRC are waiting for a reply on this requirement from DWER.

iv. Requirement 9 is an option for DWER to require further action to be taken to manage odour emissions on the Site, and to date no further actions have been required.

v. Requirement 11 provides that DWER may vary the requirements of the EPN, including the specified requirements and timeframes. No requests were made to vary any of the EPN requirements for the period 28 November 2024 to 30 June 2025, no further action to be taken by MRC.

The 2025 MAR Report was completed by the contaminated site approved auditor, Australian Environmental Auditors Pty Ltd (the auditor). A summary of findings for the Source and Affected site, which were submitted to DWER on 9 April 2025, are listed below:

The MAR auditor has determined, based on the analysis contained in the assessed reports, that:

Source Site - Part of Lot 9020 on Plan 408820:

i. Suitable for ongoing use as a Class II landfill, subject to implementation of a site management plan to prevent exposure to landfill gas, soil and groundwater contamination.

ii. The land use is restricted to the current commercial/industrial use and configuration and shall not be developed for any other purposes without further contamination assessment or remediation.

iii. Groundwater should not be abstracted for drinking purposes without appropriate treatment and testing to confirm its suitability.

iv. Ongoing assessment of landfill gas and groundwater should be conducted as part of an ongoing site management plan to inform long term trends and to inform the need or otherwise for mitigation measures.

v. No change in classification – “Contaminated-Remediation Required”.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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18 CONTINGENT LIABILITIES (CONTINUED)

Affected Site - Previously known as portion of Lot 9043 - Subject Area N1 on Deposited Plan 424903:

- i. Site remains suitable for its current use as a development "buffer zone" and shall not be developed for any other purposes without further contamination assessment or remediation.
- ii. May not be suitable for more sensitive uses without further investigation and remediation.
- iii. Groundwater should not be abstracted for drinking purposes without appropriate treatment and testing to confirm its suitability.
- iv. No change in classification – "Contaminated-Restricted use".

The MAR and reports were received by DWER on 9 April 2025 from the auditor. On 24 April 2025, DWER confirmed to the auditor that "The site's classification of contaminated – remediation required under the Contaminated Sites Act 2003 (the CS Act) will be retained at this time. The classification of contaminated – restricted use for the affected site adjacent to the north, known as Subject Area N1, will also be retained at this time".

At 30 June 2025 the MRC has an ongoing obligation to remediate the Site for which there is a rehabilitation provision in place ; any future liability as a result of the Site's contaminated status cannot be reliably measured at this time.

(b) Contaminated sites- other

Under the contaminated sites Act 2003, the City is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Contaminated Sites Act 2003, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated investigation required, the City may have a liability in respect of investigation or remediation expense.

During FY 2021–22, the City reported two suspected contaminated sites to DWER. These have been classified as "Possibly Contaminated Investigation is Required". For the first site, an Ongoing Site Management Plan (OSMP) was completed in January 2025, with ongoing inspections, ACM removal, and remediation activities underway. For the second site, a draft Interim Site Management Plan (ISMP) identified low, manageable asbestos risk, with visible ACM removed and the site deemed suitable for continued public open space use.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19 CAPITAL COMMITMENTS

	2025	2024
	\$	\$
Contracted for:		
- capital expenditure projects	18,817,402	11,573,143
	18,817,402	11,573,143
Payable:		
- not later than one year	18,817,402	11,573,143

20. RELATED PARTY TRANSACTIONS

(a) Council Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2025	2025	2024
Note	Actual	Budget	Actual
	\$	\$	\$
Mayor's annual allowance	97,115	97,115	93,380
Mayor's meeting attendance fees	51,412	51,412	49,435
Mayor's annual allowance for ICT expenses	3,500	3,500	3,500
Mayor's Reimbursement for Travel and Child Costs	3,379	10,000	7,258
Mayor's Other Expenses	14,103	29,770	8,744
	169,509	191,797	162,317
Deputy Mayor's annual allowance	24,278	24,278	23,345
Deputy Mayor's meeting attendance fees	34,278	34,278	32,960
Deputy Mayor's ICT expenses	3,500	3,500	3,500
Deputy Mayor's Reimbursement for Travel and Child Costs	0	2,000	0
Deputy Mayor's Other Expenses	0	9,770	8,282
	62,056	73,826	68,087
All other council member's meeting attendance fees	377,058	377,058	362,560
All other council member's for ICT expenses	38,500	38,500	38,500
All other council member's Reimbursement for Travel and Child Costs	8,225	24,000	12,329
All other council member's Other Expenses	51,440	128,470	41,795
	475,223	568,028	455,184
20(b)	706,788	833,651	685,588

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the City during the year are as follows:

	2025	2024
Note	Actual	Actual
	\$	\$
Short-term employee benefits	1,339,775	1,384,977
Post-employment benefits	171,671	166,591
Employee - other long-term benefits	199,265	170,886
Council member costs	706,788	685,587
	2,417,499	2,408,042

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with related parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:	2025 Actual	2024 Actual
	<u>\$</u>	<u>\$</u>
Mindarie Regional Council		
Sale of goods and services	184,747	206,883
Purchase of goods and services	7,624,169	6,170,630
Trade and other payables	125,756	233,378
Catalina Regional Council		
Distributions received	11,666,667	5,000,000
Reimbursements received	1,111,061	812,240
Payments made for settling GST liabilities	623,982	174,848
Trade and other receivables	246,535	119,256
Trade and other payables	150,091	234,902

Related Parties

The City's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b)

ii. Other Related Parties

An associate person of KMP employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

There were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

The City has significant influence over Mindarie Regional Council and Catalina Regional Council; as the City is party to agreements establishing the Regional Councils and is correspondingly represented on the Councils of these entities.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. INVESTMENT IN ASSOCIATES

(a) Carrying amount of investment in associates

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2025	2024
	2025	2024	Actual	Actual
			\$	\$
Equity in Mindarie Regional Council	16.67%	16.67%	21,810,959	23,446,438
Equity in Catalina Regional Council	16.67%	16.67%	5,122,369	10,286,618
Total equity-accounted investments			26,933,328	33,733,056
Share of associates profit/(loss) from continuing operations				
Mindarie Regional Council			(1,845,253)	1,112,761
Catalina Regional Council			(1,290,195)	341,461
			(3,135,448)	1,454,222

(b) Mindarie Regional Council

In accordance with Regulation 14 of the Local Government (Financial Management) Regulations 1996, expenditure in the annual financial statements must be presented by nature classification.

The City has determined it has significant influence over the Regional Council despite holding less than 20 percent of the voting rights as the City has representation on Council and participates in policy-making decisions including the decisions regarding contributions and distributions

The tables below reflect the summarised financial information of the material investments in associates based on the audited results of the Mindarie Regional Council. This does not reflect the City's share of those amounts. They have been amended to reflect adjustments made by the City when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Mindarie Regional Council Statement of Summarised comprehensive income	Note	2025	2024
		Actual	Actual
		\$	\$
Total operating revenues		46,775,748	40,686,227
Total operating expenses		(57,847,268)	(34,009,663)
Net Result		(11,071,520)	6,676,564
Other comprehensive income			
Net change on revaluation of assets		1,258,643	1,287,255
Total comprehensive income for the period		(9,812,877)	7,963,819
The City's interest in Mindarie Regional Council's Total Comprehensive Income (1/6th share)			
Share of associate's profit/(loss) from ordinary activities	21(a)	(1,845,253)	1,112,760
Share of associate's other comprehensive income arising during the period		209,774	214,543
Share of associate's total comprehensive income arising during the period		(1,635,480)	1,327,303
Mindarie Regional Council Summarised statement of financial position			
Current Assets		88,939,663	79,426,688
Non-Current Assets		100,809,040	103,118,451
Total Assets		189,748,703	182,545,139
Current liabilities		(27,086,794)	(16,570,400)
Non-Current Liabilities		(31,796,157)	(25,296,110)
Total Liabilities		(58,882,951)	(41,866,510)
Net assets		130,865,752	140,678,629
The City's interest in Mindarie Regional Council Net assets (1/6th share)		21,810,959	23,446,438
Movement in Carrying Amount			
Carrying amount at 1 July		23,446,438	22,119,135
Share of associate's total comprehensive income arising during the period		(1,635,480)	1,327,303
Carrying amount at 30 June		21,810,959	23,446,438

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

21. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) Catalina Regional Council

Tamala Park Regional Council (TPRC) subsequently changed to Catalina Regional Council (CRC) on 1st August 2023 was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup, which has 1/6 equity in the land.

The West Australian Planning Commission (WAPC) requested that a portion of this land be retained as "Bush Forever", which the commission was prepared to acquire and pay for. The "Bush Forever" land was disposed of by the joint owners to the WAPC in November 2006.

The City has determined it has significant influence over the Regional Council despite holding less than 20 percent of the voting rights as the City has representation on Council and participates in policy-making decisions including the decisions regarding contributions and distributions

The current fair value of the equity is estimated at \$5,122,369. As per the audited financial statements of Catalina Regional Council for the year ended 30 June 2025, the City's share of Net result of operations was a loss of \$1,290,195. The City has recognised this loss in the Statement of Comprehensive Income in accordance with the equity method of accounting.

The tables below reflect the summarised financial information of the material investments in associates based on the audited results of the Catalina Regional Council. This does not reflect the City's share of those amounts. They have been amended to reflect adjustments made by the City when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Catalina Regional Council Statement of Summarised Comprehensive Income

	2025 Actual	2024 Actual
Note	\$	\$
Total operating revenues	2,441,513	3,745,910
Total operating expenses	(1,162,719)	(1,189,846)
Net Result	1,278,794	2,556,064
Other comprehensive income		
Net change on revaluation of assets	0	0
Total Comprehensive Income	1,278,794	2,556,064

The City's interest in Catalina Regional Council's Total Comprehensive Income (1/6th share)

Share of associate's total comprehensive income as above	213,132	426,011
Additional movement in Share of associate's profit/(loss) from ordinary activities	(1,503,327)	(84,550)
Share of associate's total comprehensive income arising during the period	21(a) (1,290,195)	341,461

The Catalina Regional Council summarised statement of Financial Position

Current Assets	31,740,180	58,594,820
Non-Current Assets	56,606	3,841,864
Total assets	31,796,786	62,436,684
Current liabilities	(1,024,416)	(628,116)
Non-Current Liabilities	(38,154)	(88,862)
Total liabilities	(1,062,570)	(716,978)
Net Assets	30,734,216	61,719,706

The City's interest in Catalina Regional Council Net Assets (1/6th share)

	5,122,369	10,286,618
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Movement in Carrying Value

Carrying amount at 1 July	10,286,618	7,806,655
Movement in Capital Contributions	8,903,674	7,950,742
Distributions Received	(12,777,728)	(5,812,240)
Share of associate's total comprehensive income arising during the period	21(a) (1,290,195)	341,461
Carrying amount at 30 June	5,122,369	10,286,618

(d) Contingent liabilities related to investments in associates

Refer to Note 18(a) for contingent liabilities relating to Mindarie Regional Council.

MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the City has significant influence, that is it has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

**CITY OF JOONDALUP
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22. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance department under policies approved by the council. The finance department identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2025					
Cash and cash equivalents	4.20%	47,050,561	0	47,040,276	10,285
Financial assets at amortised cost - term deposits	4.88%	125,170,000	125,170,000	0	0
2024					
Cash and cash equivalents	4.70%	50,180,587	0	50,171,802	8,785
Financial assets at amortised cost - term deposits	5.27%	116,590,000	116,590,000	0	0

**CITY OF JOONDALUP
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22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2025	2024
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	470,403	501,718

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

(b) Credit risk

Trade and Other Receivables

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

The level of outstanding receivables is reported to council monthly and benchmarks are set and monitored for acceptable collection performance.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2024 or 1 July 2025 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2025 and 30 June 2024 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
	\$	\$	\$	\$	\$
30 June 2025					
Rates receivable					
Gross carrying amount	0	3,452,681	0	0	3,452,681
30 June 2024					
Rates receivable					
Gross carrying amount	0	3,639,835	0	0	3,639,835

The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
30 June 2025					
Trade and other receivables					
Gross carrying amount	1,199,562	11,411	1,026	23,440	1,235,438
Loss allowance	0	1,475	1,026	23,440	25,940
30 June 2024					
Trade and other receivables					
Gross carrying amount	1,484,528	5,290	465	13,983	1,504,267
Loss allowance	0	2,035	465	13,983	16,483

**CITY OF JOONDALUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025**

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

The loss allowances for Trade and other receivables as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables		Contract Assets	
	2025	2024	2025	2024	2025	2024
	Actual	Actual	Actual	Actual	Actual	Actual
Opening loss allowance as at 1 July	\$ 16,483	\$ 24,257	\$ 0	\$ 0	\$ 0	\$ 0
Receivables written off during the year as uncollectible	14,882	13,983	0	0	0	0
Unused amount reversed	(5,425)	(21,757)	0	0	0	0
Closing loss allowance at 30 June	25,940	16,483	0	0	0	0

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade and other receivables are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2025</u>					
Trade and other payables	19,979,639	0	0	19,979,639	19,979,639
Lease liabilities	808,895	3,029,892	3,805,521	7,644,308	6,540,517
	<u>20,788,534</u>	<u>3,029,892</u>	<u>3,805,521</u>	<u>27,623,947</u>	<u>26,520,156</u>
<u>2024</u>					
Trade and other payables	14,991,991	0	0	14,991,991	14,991,991
Lease liabilities	778,396	3,034,791	4,409,002	8,222,189	6,930,751
Borrowings	962,667	0	0	962,667	962,667
	<u>16,733,054</u>	<u>3,034,791</u>	<u>4,409,002</u>	<u>24,176,847</u>	<u>22,885,409</u>

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Adjusting Event - Arbitration Decision

The City of Joondalup commenced the process to review and replace its current Inside Enterprise Agreement 2018 with a new Agreement and issued a letter to the Australian Services Union Western Australia (WASU) on Wednesday 26 May 2023 informing them of the intention to commence bargaining for the Inside Agreement. Several meetings took place between both the parties, however, agreement could not be reached on all the conditions. On 22 May 2025, the City and WASU lodged a joint application with Western Australian Industrial Relations Commission (WAIRC) seeking arbitration on the outstanding matters.

A decision was made by the Senior Commissioner on 1 September 2025 awarding higher pay rates to inside staff under the enterprise agreement compared to what was paid administratively by the City while the negotiations were underway. As per the arbitration decision, back payment to employees was required to be made from 1 July 2022, the liability for which existed as at 30 June 2025.

The City had already made back payment provisions for \$4.99 million as at 30 June 2024 and as this decision provides evidence of the amount payable to employees at the reporting date, an additional provision of \$1.75 million was made to recognise a total provision of \$6.74 million as at 30 June 2025.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

24. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Consequently, totals and subtotals may not add precisely due to rounding. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year. When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

j) Impairment of assets

In accordance with Australian Accounting Standards the City's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**CITY OF JOONDALUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025**

25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
<p>Governance To provide a decision making process for the efficient allocation of limited resources.</p>	<p>Governance relates to elected members costs and other costs that relate to the task of assisting elected members and ratepayers on matters which do not concern specific City Services.</p>
<p>General purpose funding To collect revenue to allow for the provision of services.</p>	<p>Rates income and expenditure, Grants Commission and pensioner deferred rates interest.</p>
<p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention including the animal control and other aspects of public safety.</p>
<p>Health To provide an operational framework for environmental and community health.</p>	<p>Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.</p>
<p>Education and welfare To provide services to disadvantaged persons, family, the elderly, children and youth.</p>	<p>Provision, management and support services for families, children and the aged and disabled within the community, including pre-school playgroups, day and after school care, assistance to schools and senior citizens support groups. Provision of aged persons units and resident funded units.</p>
<p>Housing Provision of housing and leased accommodation</p>	<p>Provision of housing and leased accommodation where the City acts as landlord.</p>
<p>Community amenities To provide services required by the community.</p>	<p>Town planning and development, rubbish collection services, stormwater drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.</p>
<p>Recreation and culture To establish and effectively manage infrastructure and resources to help the social wellbeing of the community.</p>	<p>Provision of facilities and support for organisations concerned with leisure time activities and sport, support for the performing and creative arts. This includes maintenance of halls, aquatic centres, recreation and community centres, parks, gardens, sports grounds and the operation of libraries.</p>
<p>Transport To provide safe, effective and efficient transport services to the community.</p>	<p>Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City works operation centre, including development, plant purchase and maintenance.</p>
<p>Economic services To help promote the City and its economic well being.</p>	<p>Rural services, pest control and the implementation of building controls.</p>
<p>Other property and services To monitor and control Council's overheads and operating accounts.</p>	<p>Public works overheads, plant/vehicle operations, sundry and other outlays that cannot be assigned to one of the preceding programs</p>

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses	2025	2024
	Actual	Restated Actual*
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	9,222,303	7,949,078
General purpose funding	123,297,955	118,976,852
Law, order, public safety	3,329,057	3,463,040
Health	422,064	486,044
Education and welfare	72,357	73,867
Community amenities	25,883,485	24,266,178
Recreation and culture	15,698,975	14,449,086
Transport	916,270	642,192
Economic services	1,456,267	1,183,838
Other property and services	1,422,470	1,388,852
	<u>181,721,203</u>	<u>172,879,027</u>
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	17,661	15,664
General purpose funding	3,171,094	4,027,401
Law, order, public safety	26,776	81,983
Health	2,274	5,010
Education and welfare	46,203	50,766
Community amenities	818,934	664,821
Recreation and culture	7,462,719	2,560,381
Transport	15,269,082	8,627,329
Economic services	55,978	25,530
Other property and services	380,415	506,309
	<u>27,251,136</u>	<u>16,565,194</u>
Total Income	<u>208,972,339</u>	<u>189,444,221</u>
Expenses		
Governance	(10,381,175)	(6,539,629)
General purpose funding	(5,105,191)	(3,345,999)
Law, order, public safety	(4,555,480)	(4,340,005)
Health	(1,971,452)	(1,838,395)
Education and welfare	(2,000,340)	(2,083,183)
Community amenities	(30,359,233)	(27,143,380)
Recreation and culture	(58,820,586)	(55,669,429)
Transport	(35,316,231)	(30,125,063)
Economic services	(4,031,068)	(3,414,928)
Other property and services	(43,797,107)	(41,080,431)
Total expenses	<u>(196,337,863)</u>	<u>(175,580,442)</u>
Net result for the period	<u>12,634,476</u>	<u>13,863,779</u>
(c) Total Assets		
Governance	164,310	206,777
General purpose funding	51,010,746	41,872,188
Law, order, public safety	6,749,309	5,422,385
Health	594,267	466,715
Education and welfare	8,595,094	6,448,253
Community amenities	69,988,175	78,312,588
Recreation and culture	522,877,795	432,289,803
Transport	918,587,828	893,801,563
Economic services	17,990,679	24,758,308
Other property and services	207,956,346	156,940,157
	<u>1,804,514,549</u>	<u>1,640,518,737</u>

* Refer to Note 26 for restatement of comparatives.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

26 RESTATEMENT OF COMPARATIVES

(a) Correction of software as a service cost incorrectly accounted for in the previous year

During the 2023-2024 financial year, the City incurred cost in implementing new Enterprise Resource Planning (ERP) System. It was expected that the implementation cost incurred would generate a long term assets and hence the cost incurred was initially capitalised under 'Property, Plant and Equipment' as work in progress.

Upon reassessment of this project during the 2024-2025 financial year, it was determined that the ERP project would not generate any identifiable asset that the City has control over, in accordance with recognition criteria under AASB 116 - Property, Plant and Equipment and AASB 138 - Intangible Assets. Consequently, the expenditure incurred of \$3,692,074 in FY 2023-2024 has now been reclassified as operating expenditure.

This correction has been treated as a prior period error under AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors and has been retrospectively adjusted in the financial statements. The comparative figures for the year ended 30 June 2024 have been restated accordingly. This error has been rectified at 30 June 2024 by decreasing WIP in Property plant and Equipment by \$3,692,074 and increasing operating expenditure in materials and contracts by \$3,692,074.

(b) Reclassification of Other Expenditure

In accordance with Regulation 14 of the Local Government (Financial Management) Regulations 1996, expenditure in the annual financial statements must be presented by nature classification.

Until 30 June 2024, certain expenditures—including statutory fees, taxes, provisions for bad debts, members' fees or levies (including the FESA levy), and donations and subsidies to community groups—were reported under the classification "Materials and Contracts."

During the 2024–2025 financial year, the City reviewed its classification practices and determined that these expenditures are more appropriately classified under "Other Expenditure" as defined in Schedule 1 of the Regulations.

Accordingly, comparative figures for the year ended 30 June 2024 have been restated to reflect this reclassification. In FY 2023-24 the balance of \$ 970,071 has been reclassified from Material and Contracts and reported under Other Expenditure. This change does not affect the net result but improves the accuracy and consistency of financial reporting.

There was no impact on 1 July 2023 balances.

Changes to Financial Statements	Notes	As reported previously \$	Adjustments \$	Restated \$
For the year ended 30 June 2024				
Statement of Financial Position				
Non Current Assets				
Property, plant and equipment	8(a)	386,770,047	(3,692,074)	383,077,973
Total Non Current Assets		1,468,501,638	(3,692,074)	1,464,809,564
Total Assets		1,644,210,811	(3,692,074)	1,640,518,737
Net Assets		1,587,449,903	(3,692,074)	1,583,757,829
Equity				
Retained Surplus		569,397,214	(3,692,074)	565,705,140
Total Equity		1,587,449,903	(3,692,074)	1,583,757,829

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

26 RESTATEMENT OF COMPARATIVES (CONTINUED)

**For the year ended 30 June 2024
Statement of Comprehensive income**

	Notes	As reported previously \$	Adjustments \$	Restated \$
Expenses				
Materials and contracts		(57,189,547)	(2,722,003)	(59,911,550)
Other Expenditure	2(b)	0	(970,071)	(970,071)
Total Expenditure		(171,848,559)	(3,692,074)	(175,540,633)
Net result for the period		17,555,853	(3,692,074)	13,863,779
Total comprehensive income for the period		25,756,183	(3,692,074)	22,064,109

For the year ended 30 June 2024

Statement of Cash Flows

Cash Flows from Operating Activities

Receipts

Grants, subsidies and contributions 8,678,567 (170,818) 8,507,749

Payments

Materials and contracts (58,282,349) (2,722,003) (61,004,352)

Other Expenditure 0 (799,253) (799,253)

Net cash provided by operating activities 17(b) **37,970,076** **(3,692,074)** **34,278,002**

Cash Flows from Investing Activities

Payments for purchase of property, plant & equipment (14,394,419) 3,692,074 (10,702,345)

Net cash provided by (used in) investing activities **(30,478,574)** **3,692,074** **(26,786,500)**

For the year ended 30 June 2024

Statement of Financial Activity

Expenditure from operating activities

Materials and contracts (57,189,547) (2,722,003) (59,911,550)

Other Expenditure 0 (970,071) (970,071)

Amount attributable to operating activities **33,098,897** **(3,692,074)** **29,406,823**

Investing Activities

Outflows from investing activities

Purchase of property, plant and equipment (14,394,419) 3,692,074 (10,702,345)

Amount attributable to investing activities **(25,141,859)** **3,692,074** **(21,449,785)**

Note 8(a)

Property plant and equipment

Work in progress

Balance at 30 June 2024 8(a) 44,572,320 (3,692,074) 40,880,246

Note 17(b)

Reconciliation of Net Result to Net Cash

Provided

By Operating Activities

Net result 17,555,853 (3,692,074) 13,863,779

Net cash provided by/(used in) operating activities 37,970,076 (3,692,074) 34,278,002

**CITY OF JOONDALUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025**

26 RESTATEMENT OF COMPARATIVES (CONTINUED)

Notes	As reported previously \$	Adjustments \$	Restated \$
Note 25			
Function and Activity			
(b) Expenses			
Other property and services	(37,388,356)	(3,692,074)	(41,080,430)
Total expenses	(171,888,368)	(3,692,074)	(175,580,442)
Net result for the period	17,555,853	(3,692,074)	13,863,779
(c) Total Assets			
Other property and services	160,632,231	(3,692,074)	156,940,157

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

27. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2024/25 Actual Rateable Value* \$	2024/25 Actual Rate Revenue \$	2024/25 Actual Reassessed Rates \$	2024/25 Actual Total Revenue \$	2024/25 Budget Rate Revenue \$	2024/25 Budget Reassessed Rate \$	2024/25 Budget Total Revenue \$	2023/24 Actual Total Revenue \$
Gross rental valuations											
Residential Improved		5.4781	58,940	1,513,085,976	82,888,361	516,030	83,404,391	82,888,361	250,000	83,138,361	80,317,831
Residential Vacant		10.6461	894	18,157,300	1,933,044	(199,009)	1,734,035	1,933,044	0	1,933,044	1,910,524
Commercial Improved		7.2023	979	299,675,090	21,583,499	107,341	21,690,840	21,583,499	0	21,583,499	21,019,670
Commercial Vacant		10.6461	24	1,934,400	205,938	(142,186)	63,752	205,938	0	205,938	170,980
Industrial Improved		6.5261	387	28,042,736	1,830,097	(746)	1,829,351	1,830,097	0	1,830,097	1,777,626
Industrial Vacant		10.6461	3	273,000	29,064		29,064	29,064	0	29,064	19,916
Unimproved valuations											
Residential		1.0966	1	1,740,000	19,081	(3,289)	15,792	19,081	0	19,081	18,010
Rural		1.0948	2	1,950,000	21,349		21,349	21,349	0	21,349	19,789
							0			0	
Total general rates			61,230	1,864,858,502	108,510,433	278,140	108,788,574	108,510,433	250,000	108,760,433	105,254,346
			Minimum Payment \$								
Minimum payment											
Gross rental valuations											
Residential Improved		899	2,854	43,408,054	2,565,746	0	2,565,746	2,565,746	0	2,565,746	2,495,034
Residential Vacant		982	307	2,157,460	301,474	0	301,474	301,474	0	301,474	408,312
Commercial Improved		982	31	294,046	30,442	0	30,442	30,442	0	30,442	29,574
Industrial Improved		982	2	25,331	1,964	0	1,964	1,964	0	1,964	1,908
Total minimum payments			3,194	45,884,891	2,899,626	0	2,899,626	2,899,626	0	2,899,626	2,934,828
Total general rates and minimum payments			64,424	1,910,743,393	111,410,059	278,140	111,688,200	111,410,059	250,000	111,660,059	108,189,174
Specified Area Rates											
Iluka		0.596	1,982	68,258,640	406,958	2,596	409,554	406,961	0	406,961	404,275
Burns Beach		0.372	1,483	50,591,480	188,220	2,650	190,870	188,220	0	188,220	195,228
Harbour Rise		0.711	518	24,294,020	172,677	21	172,698	172,677	0	172,677	160,754
Woodvale Waters		0.704	138	4,213,560	29,667	7	29,674	29,666	0	29,666	27,683
Total amount raised from rates (excluding general rates)			4,121	147,357,700	797,522	5,274	802,796	797,524	0	797,524	787,940
Ex gratia rates											
										1,600	
Discounts											
Business Property Discount Commercial							0			0	(151,950)
Business Property Discount Industrial							0			0	(29,175)
Total Rates							112,490,996			112,459,183	108,795,989
Rate instalment interest							626,417				616,179
Rate overdue interest							77,888				117,628

The rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

28. DETERMINATION OF SURPLUS OR DEFICIT

Note	2024/25		
	2024/25 (30 June 2025 Carried Forward) \$	Budget (30 June 2025 Carried Forward) \$	2023/24 (30 June 2024 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
	(248,909)	(265,995)	(416,469)
Less: Profit on asset disposals	(84,628)	0	(9,765)
Movement in pensioner deferred rates and other (non-current)	209,399	100,000	207,240
Movement in employee benefit provisions (non-current)	(9,234,405)	0	(6,446,603)
Less: Catalina Estate - Profit on sale of Land	379,118	0	99,379
Movement of Inventory	0	0	9,415
Movement of Non current provision	56,651	98,834	39,809
Add: Loss on disposal of assets	10(a) 36,681,262	32,093,100	31,086,532
Add: Depreciation	27,758,488	32,025,939	24,569,538
Non-cash amounts excluded from operating activities			

(b) Surplus or deficit after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets				
Less: Reserve accounts	30	(131,017,425)	(109,189,491)	(130,282,531)
Less: Current assets not expected to be received at end of year				
- Land held for resale	6	0	(617,133)	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	0	962,667	962,667
- Current portion of developer contributions held in reserve		1,221,867	2,393,072	1,221,867
- Current portion of lease liabilities	11(b)	631,736	523,469	575,027
Total adjustments to net current assets		(129,163,822)	(105,927,416)	(127,522,970)
Net current assets used in the Statement of Financial Activity				
Total current assets		181,172,534	143,847,745	175,709,173
Less: Total current liabilities		(52,203,243)	(37,920,329)	(48,811,722)
Less: Total adjustments to net current assets		(129,163,822)	(105,927,416)	(127,522,970)
Surplus or deficit after imposition of general rates		(194,531)	0	(625,519)

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Loan Number	Actual				Budget			
		Principal at 1 July 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2024	New Loans During 2024-25	Principal Repayments During 2024-25	Principal at 30 June 2025
Reid Promenade Multi Storey Car Park	7	\$ 1,898,379	\$ 0	\$ (935,713)	\$ 962,667	\$ 962,667	\$ 0	\$ (962,667)	\$ 0
Total		1,898,379	0	(935,713)	962,667	0	(962,667)	0	0
Total Borrowings		1,898,379	0	(935,713)	962,667	0	(962,667)	0	0

Loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024
Reid Promenade Multi Storey Car Park		7	WATC	2.85%	8/04/2025	\$ (16,757)	\$ (17,208)	\$ (51,003)
Total						(16,757)	(17,208)	(51,003)
Total Finance Cost Payments						(16,757)	(17,208)	(51,003)

* WA Treasury Corporation

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

29. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual						Budget					
		Actual New Leases / Adjustments During 2023-24		Principal Repayments During 2023-24	Principal at 30 June 2024	New Leases/Adjustments During 2024-25		Principal Repayments During 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New Leases During 2024-25	Principal Repayments During 2024-25	Principal at 30 June 2025
		Principal at 1 July 2023	During 2023-24			2024-25	2024-25						
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gym Cardio Equipment - 2		108,512	0	(108,512)	0	0	0	0	0	0	0	0	
Spin Bike		62,056	0	(21,765)	40,291	0	(22,637)	17,654	143,397	0	(22,635)	120,762	
Operation Works Depot Land		5,930,292	188,086	(356,108)	5,762,270	151,789	(377,769)	5,536,290	5,574,182	0	(365,439)	5,208,743	
Performance Cardio		193,199	0	(24,924)	168,275	0	(26,046)	142,229	168,274	0	(26,046)	142,228	
Bio Circuit		209,396	0	(27,014)	182,382	0	(28,229)	154,153	182,382	0	(28,229)	154,153	
Pavi Flooring		21,269	0	(2,744)	18,525	0	(2,867)	15,658	18,525	0	(2,867)	15,658	
Plate Loaded Equipment		297,695	0	(38,405)	259,290	0	(40,133)	219,157	259,290	0	(40,133)	219,157	
Free Weights		145,487	0	(18,769)	126,718	0	(19,614)	107,104	126,718	0	(19,614)	107,104	
Gym Accessories		74,716	0	(9,639)	65,077	0	(10,073)	55,004	65,077	0	(10,073)	55,004	
Pin Loaded		353,531	0	(45,608)	307,923	0	(47,661)	260,262	307,923	0	(47,661)	260,262	
Gym Cardio Equipment - 3		0	0	0	0	159,346	(126,340)	33,006	0	0	0	0	
Total Lease Liabilities	11(b)	7,396,153	188,086	(653,488)	6,930,751	311,135	(701,369)	6,540,517	6,845,768	0	(562,697)	6,283,071	

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending	Budget for year ending	Actual for year ending	Lease Term - Months
						30 June 2025	30 June 2025	30 June 2024	
						\$	\$	\$	
Gym Cardio Equipment - 2			Maia Financial Pty Ltd	2.75%	22/05/2024	0	0	(9,432)	36
Spin Bike			Maia Financial Pty Ltd	4.00%	31/03/2026	(1,605)	(1,609)	(4,123)	60
Operation Works Depot Land			Water Corporation	2.62%	22/06/2027	(152,584)	(146,044)	(174,040)	240
Performance Cardio			Maia Financial Pty Ltd	4.50%	18/04/2030	(7,575)	(7,575)	(7,921)	84
Bio Circuit			Maia Financial Pty Ltd	4.50%	18/04/2030	(8,210)	(8,210)	(8,585)	84
Pavi Flooring			Maia Financial Pty Ltd	4.50%	18/04/2030	(834)	(834)	(872)	84
Plate Loaded Equipment			Maia Financial Pty Ltd	4.50%	18/04/2030	(11,673)	(11,673)	(9,632)	84
Free Weights			Maia Financial Pty Ltd	4.50%	18/04/2030	(5,705)	(5,705)	(5,965)	84
Gym Accessories			Maia Financial Pty Ltd	4.50%	18/04/2030	(2,930)	(2,930)	(3,063)	84
Pin Loaded			Maia Financial Pty Ltd	4.50%	18/04/2030	(13,862)	(13,862)	(14,495)	84
Gym Cardio Equipment - 3			Maia Financial Pty Ltd	4.50%	1/09/2025	(7,146)	0	0	15
Total Finance Cost Payments						(212,124)	(198,442)	(238,128)	

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

30. RESERVE ACCOUNTS	2025	2025	2025	2025	2025	2025	2025	2025	2024	2024	2024	2024
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Non-current long service leave	902,924	209,399	0	1,112,323	1,210,164	100,001	0	1,310,165	1,110,165	0	(207,241)	902,924
(b) Capital works Carried Forward Reserve	10,663,252	4,210,687	(8,877,129)	5,996,810	643,466	4,000,000	(321,216)	4,322,250	12,514,215	9,496,330	(11,347,293)	10,663,252
(c) Cash in lieu of Parking Reserve	1,486,108	76,054	0	1,562,162	1,486,108	75,572	0	1,561,681	1,414,193	71,915	0	1,486,108
(d) Joondalup Performing Arts and Cultural Facility Reserve	18,517,900	947,688	0	19,465,589	18,517,900	941,674	0	19,459,574	17,621,794	896,106	0	18,517,900
(e) Parking Facility Reserve	6,134,847	2,282,788	(2,134,849)	6,282,786	5,091,331	1,097,863	(1,979,875)	4,209,319	5,154,715	1,978,946	(998,814)	6,134,847
(f) Percy Doyle Infrastructure Reserve	663,486	6,209,945	(4,345,552)	2,527,879	663,486	7,853,384	(8,500,000)	16,870	447,530	215,956	0	663,486
(g) Public Art Reserve	362,049	0	(28,335)	333,714	362,049	0	(362,049)	0	312,049	50,000	0	362,049
(h) Specified area rating - Harbour Rise reserve	2,262	5,437	0	7,699	148	8	0	156	919	1,343	0	2,262
(i) Specified area rating - Iluka reserve	88,490	27,443	0	115,933	1,540	78	0	1,618	5,726	82,764	0	88,490
(j) Specified area rating - Woodvale Waters reserve	4,871	3,380	0	8,251	34	2	0	35	1,067	3,804	0	4,871
(k) Specified area rating - Burns Beach reserve	34,445	21,339	0	55,784	23,565	1,198	0	24,764	21,901	12,544	0	34,445
(l) Strategic Asset Reserve	27,824,221	756,666	(26,077,823)	2,503,064	27,320,866	1,286,072	(25,959,898)	2,647,040	22,305,376	6,052,994	(534,149)	27,824,221
(m) Catalina Land Sales Reserve	28,232,301	13,410,039	0	41,642,340	28,232,301	9,126,368	0	37,358,668	21,987,081	6,245,220	0	28,232,301
(n) Asset Renewal Reserve	23,119,111	4,211,783	(10,669,975)	16,660,919	20,849,746	4,002,539	(14,113,037)	10,739,249	27,560,795	5,686,782	(10,128,466)	23,119,111
(o) Waste Management Reserve	12,246,264	1,887,968	0	14,134,232	11,447,775	591,180	0	12,038,955	9,297,519	2,948,745	0	12,246,264
(p) Ocean Reef Sea Sports Club	0	4,810,000	(3,060,000)	1,750,000	0	4,810,000	(4,810,000)	0	0	0	0	0
(q) Sorrento Surf Life Saving Club Redevelopment Reserve	0	5,432,781	(490,292)	4,942,489	0	5,550,539	(801,392)	4,749,147	0	0	0	0
(r) Burns Beach - Cafe/Kiosk/Restaurant Reserve	0	5,200,000	(155,505)	5,044,495	0	5,200,000	(690,000)	4,510,000	0	0	0	0
(s) Burns Beach Coastal Node Redevelopment Reserve	0	5,500,000	(104,173)	5,395,827	0	5,500,000	(510,000)	4,990,000	0	0	0	0
(t) City Centre Place Activation Reserve	0	2,339,000	(863,870)	1,475,130	0	2,339,000	(1,089,000)	1,250,000	0	0	0	0
	130,282,530	57,542,397	(56,807,503)	131,017,425	115,850,478	52,475,479	(59,136,467)	109,189,490	119,755,045	33,743,448	(23,215,962)	130,282,530
Reserves related to a government policy, direction, written law or agreement	2,519,099	343,052	0	2,862,151	2,721,559	176,859	0	2,898,418	2,553,971	172,370	(207,241)	2,519,099
Reserves for any other purpose	127,763,431	57,199,345	(56,807,503)	128,155,274	113,128,919	52,298,620	(59,136,467)	106,291,072	117,201,074	33,571,078	(23,008,721)	127,763,431
	130,282,530	57,542,397	(56,807,503)	131,017,425	115,850,478	52,475,479	(59,136,467)	109,189,490	119,755,045	33,743,448	(23,215,962)	130,282,530

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

30 RESERVE ACCOUNTS (Continued)

Name of reserve account	Anticipated date of use	Related to govt/policy/law/ agreement	Purpose of the reserve account
(a) Non-current long service leave	Ongoing	Y	Created in 2012/13 to facilitate the funding of the non-current portion of long service leave liabilities to City employees.
(b) Capital works Carried Forward Reserve	Ongoing	N	Created in 2006-07 to hold unspent capital works funds carried forward to subsequent financial year(s). The transfer to accumulated surplus is to fund capital works previously carried forward.
(c) Cash in lieu of Parking Reserve	Ongoing	Y	Created in 1993/94 with funds previously held in Trust Fund. Represents funds received from developers in lieu of providing car parking. Funds transferred from the reserve will be utilised to fund future car parking requirements. Funds transferred to the reserve includes interest.
(d) Joondalup Performing Arts and Cultural Facility Reserve	Ongoing	N	Created in 2000-01 to assist with the design and development of a regional performing arts facility in the Joondalup City Centre. The reserve was renamed in 2005-06 and again in 2009-10 to more appropriately reflect its intent. The transfer from Reserve was mainly to fund the Jinan Garden, at Lot 1001, Teakle Court. The transfer from accumulated surplus represents interest.
(e) Parking Facility Reserve	Ongoing	N	Created in 2008-09 to hold the operating surpluses arising from the paid parking in the Joondalup City Centre to be applied in the development and provision of facilities and services, both parking and non parking, in the Joondalup City Centre. The transfer from accumulated surplus represents parking operating surplus and interest. Transfer to accumulated surplus is to fund repayments on the \$8,500,000 loan taken in 2014-15 to construct the Reid Promenade Car Park.
(f) Percy Doyle Infrastructure Reserve	Ongoing	N	Created in 2020-21 . for the purposes of providing new infrastructure and improving existing infrastructure at Percy Doyle Reserve. Transfer from accumulated surplus represents initial funding to establish the reserve and interest.
(g) Public Art Reserve	Ongoing	N	Created in 2012-13 for the purpose of providing for the commissioning and purchase of public art works. Transfer from accumulated surplus represents funding for this purpose
(h) Specified area rating - Harbour Rise reserve	Ongoing	Y	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area. Transfer from accumulated surplus represents interest. Transfers from the reserve are to fund works undertaken in the Harbour Rise specified area.
(i) Specified area rating - Iluka reserve	Ongoing	Y	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.
(j) Specified area rating - Woodvale Waters reserve	Ongoing	Y	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Woodvale specified area. Transfers from the reserve are to fund works undertaken in the Woodvale area. Transfers from accumulated surplus represents interest.
(k) Specified area rating - Burns Beach reserve	Ongoing	Y	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Burns Beach specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.
(l) Strategic Asset Reserve	Ongoing	N	The reserve was created in 2010-11 from the merger of the old Strategic Asset Management and Asset Replacement Reserves, and is intended to fund the acquisition and development of new and renewal of existing City infrastructure and building assets. The transfer from accumulated surplus represents interest. Transfer from reserve was for the funding of various capital works projects including Joondalup City Centre lighting.
(m) Catalina Land Sales Reserve	Ongoing	N	This reserve was created in 2013-14 to receive the City of Joondalup's share of the dividends from the proceeds of the sales of Tamala Park land to be held and subsequently applied for the purpose of investing in income producing facilities, to build significant one-off community facilities and to assist with the cash flow requirements of developing significant infrastructure assets aligned to the 10 Year Strategic Financial Plan. The transfer from accumulated surplus represents interest.
(n) Asset Renewal Reserve	Ongoing	N	Created in 2008-09 by consolidating the Heavy Vehicle, Light Vehicle and Plant Replacement reserves with the purpose of supporting the funding of vehicle, plant and equipment purchases. The transfer from accumulated surplus represents interest. Renamed to its current name in 2019-20.
(o) Waste Management Reserve	Ongoing	N	Renamed in 2009-10 and its purpose updated. The reserve is to fund and support waste management services including but not limited to refuse collection, waste management initiatives and programs, infrastructure and buildings and legal expenses associated with waste management but excluding vehicles, plant and equipment. Transfer from accumulated surplus represents the waste management services operating surplus and interest.
(p) Ocean Reef Sea Sports Club	Ongoing	N	The reserve will be used for the City's share of the building costs of the new Ocean Reef Sea Sports Club building, to be constructed by Development WA at the redeveloped Ocean Reef Marina. The funds transferred into the reserve will comprise the City portion of the project and interest that will accrue over time. At the completion of the project the reserve will be closed.

**CITY OF JOONDALUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025**

30 RESERVE ACCOUNTS (Continued)

(q)	Sorrento Surf Life Saving Club Redevelopment Reserve	Ongoing	N	The reserve will be used for the redevelopment of Sorrento Surf Life Saving Club. The funds transferred into the reserve will comprise the City portion of the costs, grant funds, Club contribution and interest that will accrue over time. At the completion of the project the reserve will be closed.
(r)	Burns Beach - Cafe/Kiosk/Restaurant Reserve	Ongoing	N	The reserve will be used for the construction of a new public Café / Kiosk / Restaurant at Burns Beach. The funds transferred into the reserve will comprise the City portion of the project and interest that will accrue over time. At the completion of the project the reserve will be closed.
(s)	Burns Beach Coastal Node Redevelopment Reserve	Ongoing	N	The reserve will be used for the redevelopment of public facilities at Burns Beach to complement the new Café / Kiosk / Restaurant, including car parking, landscaping and playground. The funds transferred into the reserve will comprise the City portion of costs and interest accrued over time. At the completion of the project the reserve will be closed.
(t)	City Centre Place Activation Reserve	Ongoing	N	The reserve will be used for the construction of new facilities/infrastructure in the City Centre in accordance with the City's adopted Place Activation Strategy. The funds transferred into the reserve will comprise of the City portion of the project and interest that will accrue over time. At the completion of the project the reserve will be closed.

**CITY OF JOONDALUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025**

31. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2024	Amounts In	Amounts Out	30 June 2025
	\$	\$	\$	\$
Connolly Residents Association	91,321	7,049	0	98,370
Trust Cash Reserve	6,293	21	0	6,314
Trust Fund	4,818	0	50	4,768
	<u>102,432</u>	<u>7,070</u>	<u>50</u>	<u>109,452</u>



Auditor General

INDEPENDENT AUDITOR'S REPORT 2025 City of Joondalup

To the Council of the City of Joondalup

Opinion

I have audited the financial report of the City of Joondalup (City) which comprises:

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 26 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in these financial statements. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the City is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the City's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Joondalup for the year ended 30 June 2025 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 November 2025

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Journal entry processing controls	No			✓	
2. Processing delays for disposed assets	No		✓		
3. Delay in capitalisation of completed projects	No		✓		✓

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Journal entry processing control

Finding

Our assessment of the journal entry processes, which included user access review, identified that the current TechOne system configuration does not restrict the posting of journal entries to Finance Team members only. Additionally, the current configuration does not prevent a user with the relevant access level from initiating and approving the same journal entry resulting in a lack of system enforced segregation of duties.

Rating: Minor

Implication

Deficiencies in the configuration of access controls over the processing of journal entries increases the risk of unauthorised transactions being posted to the general ledger. The lack of system enforced segregation of duties could result in unauthorised journal adjustments going unidentified due to no secondary review and approval being required. This may lead to misstatements in the financial report.

Recommendation

Management should restrict journal posting access to finance staff only, enforce segregation of duties in TechOne, and perform data analytics to identify any exceptions.

Management Comment

The finding and the risk associated with journal processing and posting in TechOne is acknowledged. The user access in TechOne is role based i.e number of users with the same role assigned to them in the system will have similar access. Normally controls are designed based on system functionality as well as limitations. The City has been using this system for over 20 years and has strong controls in place which is demonstrated in the fact that all journal entries for 2024-25 financial year were approved by only nominated positions within Financial Services.

The City is currently in the process of transitioning to a new ERP system and will ensure that these controls are strengthened in the new system. The City does not intend to make any further investment in TechOne which will be phased out in near future. The City will explore the possibility of generating journal entries exception report to have greater oversight of the existing process.

It should be noted that the completion date is only relevant for establishing journal entry exception report from TechOne. The City does not propose any changes to the existing process in TechOne.

Responsible Person: Hitesh Attawala, Manager Financial Services

Completion Date: 31 January 2026

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Processing delays for disposed assets

Finding

Our testing of a sample of 15 asset disposals totalling \$9,190 which were recognised during the period July 2025 to September 2025, identified 9 instances totalling \$3,073 (33%) where the disposals related to assets which were not held by City at 30 June 2025.

These disposals have therefore been processed in the incorrect period. A total of \$3.02 million of assets were disposed during the July 2025 to September 2025 period, indicating that there is potentially a greater amount of disposed assets which may have been recorded in the incorrect period.

Rating: Moderate

Implication

Delays in recognising asset disposals could potentially lead to material cut-off errors with asset balances reported in the City's financial statements.

Recommendation

Management should ensure asset disposals are regularly reviewed and recorded in the correct period. In situations where asset inspections or other processes are only finalised after year-end leading to disposals or adjustments that need to be recorded in the previous reporting period, appropriate accounting adjustments should be made to reflect this in the correct period.

Management Comment:

The City has reviewed the list of disposals provided by OAG and note that the items of disposals were directly linked to the capitalisation process. At the time of capitalisation of assets at a component level, the written down value (WDV) associated with the replaced asset is processed as disposal.

Capitalisation and disposals do not occur automatically when construction is complete but only once all elements including asset component values – which require appropriate information from the contractor in a timely manner – are ready, as the City does not capitalise these as a single asset but as multiple components to facilitate appropriate depreciation at the component level.

In May 2025 the City re-filled two full-time positions with the primary task to undertake asset inventory updating of the infrastructure asset classes including addressing the backlog of updating where all project documentation is provided, as required for capitalisation and depreciation to be accurately processed as well as the resultant disposal of assets.

The City will continue to address backlog of capitalisation which will address issue relating to disposal of replaced asset. The City considers its existing process of gathering all the relevant information including confirmation from contractors for practical completion of projects and identification of assets into various components as critical to capitalise asset at appropriate component level and to calculate correct depreciation. As per this process, there will always be some lag in capitalisation process which in turn have minor impact on disposal of assets.

Responsible Person: Ryan Fertis, Manager Asset Management
Completion Date: 30 June 2026

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Delays in capitalisation of completed projects

Finding

Our testing of the infrastructure work-in-progress at 30 June 2025 identified 20 construction projects costing \$1.53 million (2024: 126 projects costing \$10.2 million) which had been completed prior to 30 June 2025 but remained as work in progress in the financial statements at 30 June 2025.

While we acknowledge that there has been significant improvement when compared to the previous year due to the implementation of monthly meetings between the Asset Management Team and the Finance Team, the delay in capitalisation of the completed projects in the current year resulted in an:

- understatement of depreciation for 2024-25 by approximately \$28,009;
- understatement of buildings and overstatement of work-in-progress by \$0.11 million; and
- understatement of infrastructure assets and overstatement of work-in-progress by \$1.42 million.

This finding was first raised in 2023 and has not yet been resolved.

Rating: Moderate (2024: Moderate)

Implication

Delays in the capitalisation of completed projects could potentially result in the material misstatement of assets and depreciation reported in the City's financial statements.

Recommendation

Management should regularly review the status of ongoing capital work projects and ensure that the assets are capitalised in a timely manner. Depreciation on completed projects should commence as soon as the assets are available for use in accordance with AASB 116 Property, Plant & Equipment.

Management Comment:

The City regularly assesses the progress of capitalised projects through SQL reports based on the Project Tracking system weekly updates, although it is acknowledged that this process requires clearer documentation. The City has filled positions, twice since the original finding, with the primary task to undertake asset inventory updating as shown by the backlog clearly being addressed.

As previously advised, capitalisation does not occur automatically when construction is complete but only once all elements including asset component values – which require appropriate information from the contractor in a timely manner – are ready, as the City does not capitalise these as a single asset but as multiple components to facilitate appropriate depreciation at the component level.

Capitalisation of assets at appropriate component level is also a key requirement of AASB 116 and the City considers its existing process appropriate which may result in some lag in capitalisation of assets.

While we acknowledge that material misstatements are not acceptable in the financial statements, we also note that the understatement in the finding is immaterial when compared

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

with infrastructure and property, plant & equipment assets of over \$2 billion, or the reported annual depreciation expense of over \$30 million, or an annual capital program of over \$35 million in completed works, all for the year ending 30 June 2025.

Responsible Person: Ryan Ferts, Manager Asset Management
Completion Date: 30 June 2026

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INFORMATION SYSTEMS AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Database management – Finance and HR applications			✓		
2. Deputy application management			✓		
3. Management of technical vulnerabilities			✓		
4. Classification of information			✓		✓
5. Review of policies and frameworks for information systems				✓	✓

This management letter contains all findings identified during the information systems audit. Based on the audit team’s assessment of risk, we have removed specific details that, if made public, could risk the security of the city’s information systems. We have provided additional detail to the city in a confidential letter.

Key to ratings

The Ratings in this management letter are based on the audit team’s assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INFORMATION SYSTEMS AUDIT

1. Database management – Finance and HR applications

Finding

We performed a high-level database security check on the finance (TechnologyOne) and HR (Aurion) application databases and found:

- The highly privileged default account's password has not been changed for an extended period.
- Database password requirements are inadequate and do not comply with its *User Account and Password Protocol*.
- Database logging and auditing is not in place to record and monitor system and data changes. As a result, any changes made directly in the database are not captured.
- Data encryption is not used to protect sensitive ratepayer, financial details and staff information such as date of birth and address.
- The databases have not been hardened effectively.

The City informed us it is in the process of replacing the financial application.

Rating: Moderate

Implication

Without appropriate database controls, there is an increased risk that the confidentiality, integrity and availability of sensitive information may be compromised.

Recommendation

The City should:

- enforce adequate password policy requirements on all database accounts as required by its *User Account and Password Protocol*
- enable audit trails at the database level and improve monitoring controls
- encrypt sensitive and personally identifiable information
- improve database hardening.

Management comment

Database and associated system in this finding are part of the legacy finance (TechnologyOne) platform. Due to its outdated architecture and limited functionality, the recommended enhancements cannot be implemented on this system. It is currently in the process of being replaced and should be retired within the next 12 to 18 months.

HR Application database account is similar to service account and regular password changes is not recommended. However, the City will be exploring options to monitor changes governed by database accounts.

Responsible Person: Manager IT

Completion Date: June 2027

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INFORMATION SYSTEMS AUDIT

2. Deputy application management

Finding

City uses 'Deputy', a cloud application to manage rostering and time tracking for over 350 casual staff. This application does not use City's central authentication and stores personal information such as date of birth, salary, phone number and address. We found:

- Not all staff are required to use multi-factor authentication (MFA).
- The City does not review access rights periodically. As a result, we identified seven accounts belonging to terminated staff including one with approver rights.

We acknowledge that none of the terminated staff had logged in after termination and the accounts were disabled after we informed the City.

Rating: Moderate

Implication

Without MFA, there is an increased risk of unauthorised access to the City's employee information.

Lack of access rights reviews increases the risk of inappropriate or unauthorised access that could result in a loss of confidentiality, integrity and availability of the City's information.

Recommendation

The City should:

- enforce MFA for all users
- regularly review all user accounts to ensure only valid accounts have access to the application. Any accounts that are identified as no longer required, should be appropriately removed or disabled.

Management comment

Agreed. MFA enablement has already commenced. Communications have been sent to all current Deputy users instructing them to enable MFA by 14 November 2025. Users who have not completed the setup by this date will have a 'shift note' added to their supervisor, who will assist them with MFA setup during their next shift. Communication sent to Deputy Users are attached separately.

MFA enforcement will commence December 2025 and will be continuing process. A status report will be generated and reviewed in January 2026.

HR has integrated Deputy into the offboarding process.

HR and CLC will conduct quarterly reviews of all active CLC employees and Deputy user accounts. Accounts will be terminated if deputy user account is still active for terminated employees.

Responsible Person: Manager IT

Completion Date: January 2026

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INFORMATION SYSTEMS AUDIT

3. Management of technical vulnerabilities

Finding

The City's vulnerability scanning process is not fully effective, as the current software configuration does not ensure that all vulnerabilities are identified and reported. We assessed the latest scan reports for servers, workstation and network devices provided by the City and identified that 99% of these were unauthenticated.

We acknowledge that the city is aware of the issue and remediation work is in progress.

Rating: Moderate

Implication

Without an effective process for identifying, assessing and addressing relevant known vulnerabilities within a timely manner there is an increased risk that IT systems are not adequately protected against potential threats. These vulnerabilities could be exploited which may result in unauthorised access to IT systems and information.

Recommendation

The City should correctly configure its vulnerability scanning software to ensure weaknesses are identified and addressed in a timely manner.

Management comment

During a review of vulnerability scanning in June 2025, we noted the authentication failures and determined this was due to the scans not being configured correctly. It was noted that authentication failure was not indicative of the scan failing as a whole. The City has identified issues and remediation work is in progress.

Responsible Person: Manager IT

Completion Date: November 2025

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INFORMATION SYSTEMS AUDIT

4. Classification of information

Finding

We found the City does not have an information classification scheme in place. There is no approved process to classify information in terms of legal requirements, value, criticality and sensitivity to the City. Classifying information helps to ensure that it receives an appropriate level of protection in accordance with its importance. We were informed that the City is currently reviewing the prospects of developing Information Classification policy.

We note the City is currently in the process of drafting a data classification policy.

This finding was first identified in 2020.

Rating: Moderate (2024: Moderate)

Implication

Without an information classification scheme in place, there is an increased risk that information will not be appropriately secured and handled. This may result in unauthorised access or disclosure of the City's information.

Additionally, there is a risk that inappropriate levels of security will be applied to protect information that does not require it. This may result in wasted resources and increased costs.

Recommendation

The City should identify and assess the sensitivity and value of its information assets. Based on this assessment the information assets should be classified and protected through appropriate controls.

To support an information classification scheme, the City should continue to develop formal policies, procedures, and guidelines. In addition, relevant staff should receive appropriate training and guidance on how to correctly classify and handle information.

Management comment

Agreed. The City is progressing with draft Information Classification Policy and related procedures. This will be presented to ELT once finalised.

The City also engaged external consultant to work on City of Joondalup Purview Information Protection Project as proof of concept to assist with implementing sensitivity labels using Microsoft Information Protection (MIP). MIP is a comprehensive suite of tools designed to classify, label, and protect sensitive data across Microsoft 365, Azure, and third-party applications. This will be implemented across the organisation once Information Classification Policy has been finalised and approved.

Responsible Person: Manager IT

Completion Date: 31 August 2026

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INFORMATION SYSTEMS AUDIT

5. Review of policies and frameworks for information systems

Finding

The City's ICT protocols still lack document control section to track document changes and approvals. We were informed that works are in progress to revise template information of IT protocols.

This finding was first identified in 2021.

Rating: Minor (2024: Minor)

Implication

Without document control there is an increased risk that documents may not be appropriately managed throughout their lifecycle. This could result in documents containing information that is out-of-date and no longer relevant.

Recommendation

The City should continue to implement the new template to ensure appropriate document control.

Management comment

Agreed. This is work in progress. Whilst the City has made substantial progress compared to last year, it is yet to be finalised. It is anticipated that it will take approximately 6-8 months to update, review and complete all IT policies and procedures.

Responsible Person: Manager IT

Completion Date: 31 August 2026

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Delays processing asset disposals	No		✓		

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Delays processing asset disposals

Finding 2025

From a sample of 22 asset disposals recognised during the July to December 2024 period, we found 17 instances where the disposals processed in from quarter 1 2024-25 related to assets that were not held by the City at 30 June 2024.

These disposals have been processed in the wrong period; the total value of these assets identified was \$38,487. We also noted a total of \$1.86m of assets were disposed during the same quarter, potentially indicating a greater value of assets disposed which may have been recorded in the wrong period.

Rating: Moderate

Implication

Delays in recognising asset disposals could potentially lead to material cut-off errors with asset balances reported in the City's financial statements.

Recommendation

Management should ensure asset disposals are regularly reviewed and recorded in the correct period. In situations where asset inspections or other processes are only finalised after year-end leading to disposals or adjustments that need to be recorded in the previous reporting period, appropriate accounting adjustments should be made to reflect this in the correct period.

Management comment

We acknowledge the finding regarding the timing of recognising asset disposals. Currently, the City processes asset disposals on a quarterly basis whereby Asset Management team identifies and compiles list of all asset disposal and provides them to Financial Services team for processing in the system. Due to some delays in the processing assets disposal for end of financial year, certain disposals were recorded in the subsequent financial year.

To address this issue, the following measures will be undertaken:

- Process Improvement: The existing asset disposal process will be reviewed to ensure timely submission and processing of all asset disposal information to comply with the reporting requirement.*
- Regular Meetings: We have already established regular meetings between the Assets Management and Financial Services teams to enhance coordination and ensure timely and accurate recording of all asset related transactions.*

Responsible person: Manager Asset Management
Completion date: 30 June 2025



Annual Financial Audit Exit Report

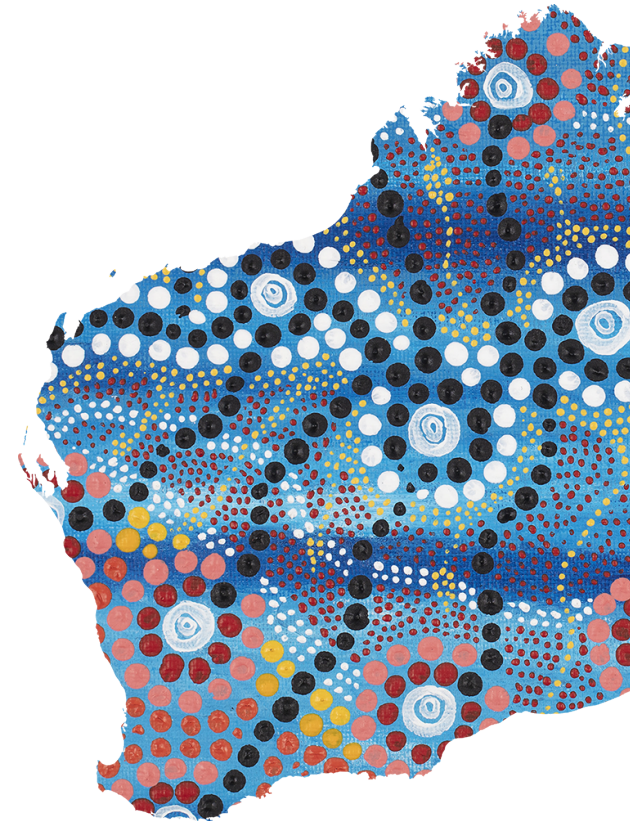
City of Joondalup

Year ended 30 June 2025



Contents

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1. Executive summary

To the Audit & Risk Committee of City of Joondalup.

We look forward to the exit meeting we have scheduled for 11 November 2025 to discuss the outcomes and key findings from the audit of your City for the year ended 30 June 2025.

Our audit team have substantially completed our audit work and, subject to the resolution of the outstanding matters listed below, we intend to recommend to the Auditor General to issue an unqualified audit opinion on the financial statements with an emphasis of matter paragraph in respect of the restatement of comparative figures.







We received draft financial statements which were considered to be of audit-ready quality on 26 September 2025. These draft financial statements were certified by the CEO.

We would like to extend our thanks to your City's staff for their assistance with the audit process. If you have any questions prior to or following our exit meeting please contact your Engagement Leader, Shellian Cassanova on 08 6557 7763.

Yours faithfully

Shellian Cassanova

Shellian Cassanova
 Engagement Leader

AUDIT OPINION: <ul style="list-style-type: none"> Financial statements Unqualified with emphasis of matter 		Number of audit focus areas  7	
Management letter issues 	SIGNIFICANT 0	MODERATE 6	MINOR 2
Adjusted differences 	1 (PY: 2)	Unadjusted differences 	1 (PY: 1)
Number of outstanding items 	6	Audit-ready date 	26/09/2025



1.1 Outstanding items

OUTSTANDING ITEMS	CITY OF JOONDALUP	OAG	DATE
Opinion clearance from OAG's Qualification Committee		✓	4 November 2025
Clearance on the Mindarie Regional Council 2024/25 financial statements	✓	✓	7 November 2025
Final draft financial statements updated for the final capital commitments disclosure, investment in Mindarie Regional Council and Audit recommended changes	✓	✓	7 November 2025
Subsequent events confirmation	✓		11 November 2025
Signed financial statements	✓		12 November 2025
Signed representation letter	✓		12 November 2025

1.2 Purpose of report

We are providing this report before the exit meeting so you can consider the results of our audit work. Please read this report in conjunction with the audit planning summary we presented to you on 17 March 2025.

This report is not an audit report and is not intended to provide any additional assurance to the audit opinion.

The report is provided only for the information and use of your City's Audit & Risk Committee, and it is not to be quoted, referenced or circulated to others without the OAG's prior written consent. The report should also not be made publicly available on your City's website or as part of any publicly available minutes or published reports.

We look forward to any feedback you have on the audit process. We encourage you and your management to reach out to your OAG engagement leader to discuss any ways we can continuously improve our conduct and communications during the audit process. Following the completion of the audit, we will send your City a survey to complete.

2. Result of key audit focus areas

Our planning summary noted a number of key audit focus areas. The result of our audit of these areas is set out below.

2.1 Prior year findings

BACKGROUND	OUR APPROACH	OUTCOME
<p>Reasons for area of key focus: Audit findings reported in the previous audit</p> <p>Information systems findings:</p> <ul style="list-style-type: none"> • 5 moderate findings; and • 3 minor findings. <p>Financial audit findings:</p> <ul style="list-style-type: none"> • 1 moderate finding; and • 2 minor findings. 	<p>As part of our audit, we followed up on these issues to assess the extent of action taken by management including:</p> <ul style="list-style-type: none"> • Obtaining documented updates from management on the status of management’s responsive action to each of the findings. • For all actioned items, corroborating the resolution to supporting documentation. • For any unresolved items, obtaining an understanding of the reasons thereof and assessing the impact on our current year’s reporting and conclusions. 	<ul style="list-style-type: none"> • The two minor financial statement findings were resolved during the year. However, the moderate finding remains unresolved as at 30 June 2025. • In relation to information system findings, four moderate and two minor findings were resolved during the year. One moderate and one minor finding remain outstanding as at 30 June 2025. <p>The unresolved findings have been included in the current year management letter.</p>

2.2 Capital works projects

BACKGROUND	OUR APPROACH	OUTCOME
<p>Reasons for area of key focus:</p> <ul style="list-style-type: none"> • Recognition and measurement of capital costs incurred involves the use of management judgement and has been prone to errors in previous years. 	<p>Our procedures focussed on examining construction costs incurred to ensure the occurrence and correct classification of project costs is of a capital nature and relates to the City’s approved capital projects.</p>	<ul style="list-style-type: none"> • We tested infrastructure and property, plant and equipment capital works in progress and completed during the year by tracing a sample of transactions to supporting documentation including contracts, invoices and progress reports. While no material errors were identified, one management letter finding was raised regarding the timely capitalisation of completed projects. This issue was first identified in

BACKGROUND	OUR APPROACH	OUTCOME
		<p>FY2022/23 and remained unresolved at 30 June 2025.</p> <ul style="list-style-type: none"> Implementation and configuration costs of \$3.69 million incurred in FY2023/24 for a new ERP system, were initially recorded in Capital works-in-progress at 30 June 2024. Upon reassessment in FY2024/25, the project was found not to meet asset recognition criteria under AASB 138 <i>Intangible Assets</i>. The expenditure was reclassified as operating expenses, and the correction was treated as a prior period error under AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, through a restatement of the comparative financial information.

2.3 Procurement risk

BACKGROUND	OUR APPROACH	OUTCOME
<p>Reasons for area of key focus:</p> <ul style="list-style-type: none"> Under the OAG’s new audit methodology, the procurement process and potential misappropriation of assets related to this process is an area of risk that may potentially impact the financial report. This is mainly due to the inherently large and complex procurement processes across public sector agencies 	<p>During the risk assessment phase of our audit, we performed specific procedures to identify potential procurement risks including (but not limited to):</p> <ul style="list-style-type: none"> Inquiries of management, those charged with governance and internal audit. Input from other planning procedures including those relating to understanding of the entity, preliminary analytical reviews and walkthrough of procurement processes. <p>We then performed specific and tailored audit procedures, as necessary, to address the identified</p>	<ul style="list-style-type: none"> We performed tailored audit procedures over purchase orders, and supplier Masterfile changes to address potential risks. There are no matters that we need to bring to your attention.

BACKGROUND	OUR APPROACH	OUTCOME
	risks including where applicable use of computer aided audit techniques (CAATS).	

2.4 Management override of controls

BACKGROUND	OUR APPROACH	OUTCOME
<p>Reasons for area of key focus:</p> <ul style="list-style-type: none"> This is a mandatory significant audit risk under <i>ASA 240 The Auditor’s Responsibilities Relating to Fraud in an Audit of a Financial Report</i>. Management is in a unique position to perpetrate fraud through the ability to manipulate accounting records and prepare fraudulent financial reports by overriding controls that otherwise appear to be operating effectively. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> Updating our understanding of journal entry processes and non- standard events occurring during the year. Evaluating business rationale of any unusual and significant transactions during the year. Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. This included the use of computer aided audit techniques (CAATS) to identify journal entry transactions based on pre-determined risk criteria. 	<p>Our procedures did not identify any instances of management override of controls. However, we did identify a minor management letter finding in relation to the controls over the processing of journal entries.</p>

2.5 Revenue recognition risk

BACKGROUND	OUR APPROACH	OUTCOME
<p>Reasons for area of key focus:</p> <ul style="list-style-type: none"> <i>ASA 240 The Auditor’s Responsibilities Relating to Fraud in an Audit of a Financial Report</i> identifies a rebuttable presumption that there are risks of fraud in revenue recognition. While the risk of fraud in revenue recognition has been rebutted, the risk of errors in the timing of 	<p>Our procedures included:</p> <ul style="list-style-type: none"> Reconfirming our understanding of the key revenue streams, the revenue accounting policies as well as the systems, processes and controls in place. 	<p>There are no matters that we need to bring to your attention.</p>

BACKGROUND	OUR APPROACH	OUTCOME
revenue recognition remains as an area of focus for the current year’s audit due to the high volume of transactions and the number of grant funding arrangements in place.	<ul style="list-style-type: none"> Performing design and implementation testing in relation to key controls identified for the processing of revenue transactions. Performing relevant substantive procedures for each revenue stream on a sample basis to ensure that the transaction has occurred and is completely and accurately recorded. 	

2.6 Key changes to accounting standards

BACKGROUND	OUR APPROACH	OUTCOME
<p>Reasons for area of key focus:</p> <ul style="list-style-type: none"> Key changes to accounting standards that impact your entity for the first time this year. 	<ul style="list-style-type: none"> We reviewed management’s assessment of the impact of the new standards, determined whether, to the extent necessary, your entity has applied the standards correctly, and ensured the financial report comply with the revised requirements of each standard. 	There are no matters that we need to bring to your attention.

2.7 Accounting estimates

BACKGROUND	OUR APPROACH	OUTCOME
<p>Reasons for area of key focus:</p> The following financial statement items are derived from accounting estimates and hence receive specific audit attention: <ul style="list-style-type: none"> Provision for long service leave Other provisions and contingent liabilities Fair value of land and buildings and infrastructure Impairment of financial and non-financial assets Depreciation of buildings and infrastructure 	We reviewed the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. This included considering the reasonableness of assumptions and corroborating representations.	An unadjusted audit difference is included in Section 5 of this report in relation to the depreciation charges recognised for the year ended 30 June 2025. There are no other matters that we need to bring to your attention.

3. Management letter findings

The following is a summary of the key issues identified during the audit which have been discussed with your management. We may also provide the Parliamentary Standing Committee on Estimates and Financial Operations and/or the Public Accounts Committee with copies of the management letters issued for any or all audits during the year. See Appendix 1: for a more detailed summary of the findings.

Ratings

- Significant
- Moderate
- Minor

See Appendix 1: for description of ratings.

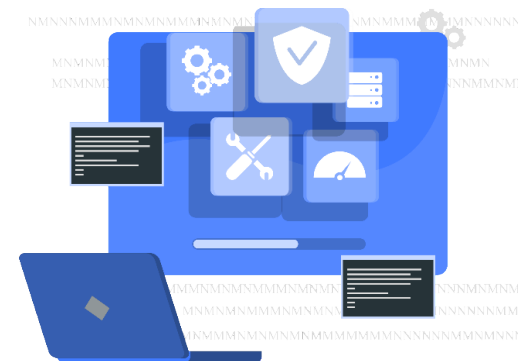
RATINGS	●	●	●	TOTAL
Open at 1 July 2024	-	6	5	11
Closed during FY2025	-	(4)	(4)	(8)
Change of risk rating	-	-	-	-
New points raised in FY2025	-	4	1	5
Total open points at 30 June 2025	-	6	2	8

4. Information systems maturity model

As part of our information systems audit, we also completed a capability maturity assessment of your City, which has been agreed with your management. A capability maturity model assesses how well developed and capable the established IT controls are and how well developed or capable they should be. A rating scale was used to evaluate your entity's capability and maturity levels in each of the audit focus areas. The scale ranges from 0 (non-existent) to 5 (optimised).

The results of our work will be included in a report to Parliament, which will include findings from all examined entities. This will allow you to benchmark your IT capability for these focus areas against other local government entities.

FOCUS AREA	RATING	PRIOR YEAR RATING	CHANGE
Manage IT risk	3	3	-
Information security framework	2	2	-
Human resource security	3	3	-
Manage access	2	3	↓
Endpoint security	2	2	-
Network security	3	3	-
Physical security	3	3	-
Manage change	3	3	-
Manage IT operations	3	3	-
Manage continuity	3	3	-



5. Adjusted and unadjusted audit differences

We identified the following audit differences that have not been adjusted. These are listed in the management representation letter. We agree with management's assessment that these are not material individually or in aggregate.

Unadjusted misstatements identified during the audit

DESCRIPTION	Assets Dr / (Cr) (\$'000)	Liabilities Dr / (Cr) (\$'000)	Equity Dr / (Cr) (\$'000)	Income Dr / (Cr) (\$'000)	Expenses Dr / (Cr) (\$'000)
1 Projected misstatement for recording of asset disposals in the incorrect period	(1,010,686)	-	-	-	1,010,685
Total	(1,010,686)	-	-	-	1,010,685

The following adjustments were identified by the audit team and adjusted by management during the audit.

Adjusted misstatements identified during the audit

DESCRIPTION	Assets Dr / (Cr) (\$'000)	Liabilities Dr / (Cr) (\$'000)	Equity Dr / (Cr) (\$'000)	Income Dr / (Cr) (\$'000)	Expenses Dr / (Cr) (\$'000)
1 Entry to reverse the accrual of licence fees related to FY2025/26	-	175,200	-	-	(175,200)
Total	-	175,200	-	-	(175,200)

6. Other communications from the audit process

We additionally note the following mandatory communications to the Audit & Risk Committee in accordance with the requirements of Australian Auditing Standards:

MATTERS TO COMMUNICATE	AUDIT PLAN	EXIT REPORT
Our responsibilities for the financial statement audit	✓	No matters to report
Communication process and timelines	✓	✓
Our views on significant qualitative aspects of your accounting practices. This includes accounting policies, accounting estimates and financial statement disclosures	No matters to report	No matters to report
Actual or suspected fraud identified during the audit	No matters to report	No matters to report
Matters involving identified or suspected non-compliance with laws and regulations	No matters to report	No matters to report
Events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and related significant matters	No matters to report	No matters to report
Significant matters related to the entity's related parties	✓	No matters to report
Significant matters discussed or subject to correspondence with management	No matters to report	No matters to report
Other significant matters relevant to the oversight of the financial reporting process	No matters to report	No matters to report
Significant difficulties we encounter in this audit	No matters to report	No matters to report
Specific written representations we request from the entity	✓	✓
Circumstances that may cause us to modify the audit opinion. This can include an emphasis of matter paragraph, other matter paragraph or misstatements in other information	No matters to report	✓
Uncorrected audit misstatements, including material disclosure omissions	No matters to report	✓
Significant deficiencies in internal control	✓	✓
Issues found in council minutes	No matters to report	No matters to report

MATTERS TO COMMUNICATE	AUDIT PLAN	EXIT REPORT
Our independence: <ul style="list-style-type: none"> • a statement that we have complied with relevant ethical requirements regarding independence • relationships and other matters which may affect independence • safeguards that we apply to eliminate or reduce to an acceptable level of threat to independence 	✓	No matters to report

Appendix 1: Management letter findings

FINDINGS	RATING	YEAR FINDING FIRST RAISED	STATUS	TARGET COMPLETION DATE
Reporting and financial control issues				
Processing delays for disposed assets	Moderate	2025	In progress	30 June 2026
Delay in capitalisation of completed projects	Moderate	2024	In progress	30 June 2026
Journal entry processing controls	Minor	2025	In progress	31 January 2026
Information system control issues				
Deputy application management	Moderate	2025	In progress	30 June 2026
Management of technical vulnerabilities	Moderate	2025	In progress	30 June 2026
Classification of information	Moderate	2024	In progress	30 June 2026
Database management – Finance and Aurion (HR) systems	Moderate	2025	In progress	30 June 2026
Review of policies and frameworks for information systems	Minor	2024	In progress	30 June 2026

RATINGS

- **SIGNIFICANT** – Findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- **MODERATE** – Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- **MINOR** – Those findings that are not of primary concern but still warrant action being taken.

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